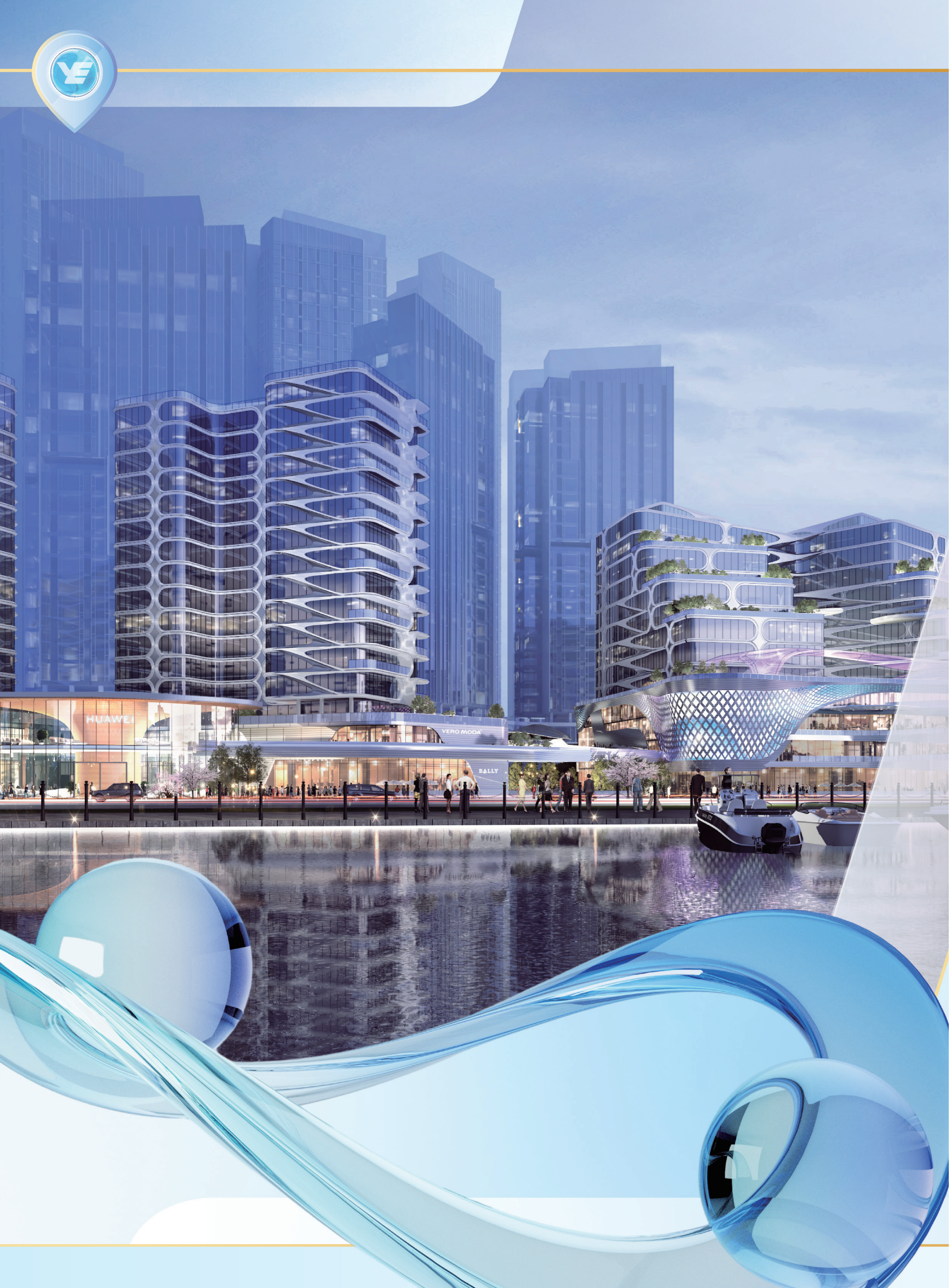
越秀地產股份有限公司
YUEXIU PROPERTY COMPANY LIMITED
Stock Code: 00123

INTERIM REPORT 2023

WHERE GOOD
LIVING STARTS


HUAWEI
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BALLY

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr Lin Zhaoyuan (Chairman)
Mr Lin Feng
Mr Zhu Huisong (appointed on 21 April 2023)
Mr He Yuping (appointed on 21 April 2023)
Ms Chen Jing
Ms Liu Yan

Non-Executive Director

Mr Zhang Yibing

Independent Non-Executive Directors & Audit Committee Members

Mr Yu Lup Fat Joseph
Mr Lee Ka Lun
Mr Lau Hon Chuen Ambrose
Mr Cheung Kin Sang (appointed on 21 April 2023)

COMPANY SECRETARY

Mr Yu Tat Fung

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
Wing Lung Bank Limited
DBS Bank Ltd.
China Construction Bank (Asia) Corporation Limited
Agricultural Bank of China Limited

WEBSITES TO ACCESS COMPANY INFORMATION

http://www.yuexiuproperty.com
http://www.irasia.com/listco/hk/yuexiuproperty
http://www.hkexnews.hk

REGISTERED OFFICE

26th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai, Hong Kong

SHARE REGISTRAR

Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LISTING EXCHANGE

Shares

The Stock Exchange of Hong Kong Limited

Stock Codes

The Stock Exchange of Hong Kong Limited – 00123
Reuters – 123.HK
Bloomberg – 123 HK

INVESTOR RELATIONS

For further information about
Yuexiu Property Company Limited,
please contact:
Mr Michael Jiang
Email: ir@yuexiuproperty.com

CHAIRMAN'S STATEMENT

I. BUSINESS REVIEW

Economic and Market Environment

In the first half of 2023, the global economy experienced a weak recovery due to the impact of multiple factors including the high global inflation, the interest rate hike cycle and geopolitical conflicts. In the first half of the year, despite the mounting downward pressure and severe external environment which resulted in weak momentum for investment, consumption and export, China's economy showed an overall growth trend with gradual improvement in major economic indicators, recording a period-to-period growth of 5.5% in GDP in the first half of the year and a period-to-period growth of 4.5% and 6.3% in GDP in the first and second quarters of the year, respectively.

In the first half of the year, property regulatory policies remained to be based on the general principle of "housing for living instead of speculation" and "region-specific regulatory policies". However, in response to the weak recovery momentum of the real estate market and the demand for stabilising economic growth, local governments began to introduce a series of policies to support the stable development of the real estate market. As a result, the policy environment of the real estate market remained loose.

In the first half of the year, while the real estate market as a whole was still in a bottom-out phase, the market was highly volatile. Due to the release of pent-up demand during the COVID-19 pandemic and the cumulative effect of the government's easing policies, real estate sales rebounded significantly in the first quarter, with significant period-to-period growth in sales value. The sales market began to cool down from the second quarter. Due to the lack of confidence and expectations in the economy and the market, buyers were more prudent about purchasing properties. Therefore, the market had a strong wait-and-see sentiment, and sales continued to decline. Meanwhile, there were obvious differentiation between markets. Relying on their advantages in economy, industry and population, tier-1 cities and major tier-2 cities had better performance in real estate sales, and showed strong ability to resist risks. According to the National Bureau of Statistics, the area and value of national commodity housing sales for the first half of the year decreased by 5.5% and increased by 1.1%, respectively period-to-period, of which the area and value of residential sales decreased by 2.8% and increased by 3.7%, respectively, and the investment in real estate development decreased by 7.9% period-to-period, of which residential investment decreased by 7.3%. Market confidence and expectations are yet to be restored.

In the first half of the year, the differentiation between land markets was obvious. Tier-1 cities and major tier-2 cities saw fierce competition due to their further enhanced market potential and investment attractiveness as well as strong demand for land in core cities. As for tier-3 and tier-4 cities, the land market recorded overall depressed performance due to sluggish sales in the real estate market and weak market confidence and expectations. In the first half of the year, the area of land supply and land transactions in major cities both reported significant decline period-to-period.

CHAIRMAN'S STATEMENT

In the first half of the year, with a focus on the annual work theme of "overcoming difficulties for stable growth, and improving quality through refined management", the Group actively adapted to the changing circumstances under the tough industry and market situation, achieved all major operating indicators for the first half of the year and realised high-quality development of the Company's operation.

Operating Results Maintained Steady Growth

In the first half of the year, the Group realised revenue of approximately RMB32.10 billion, representing a period-to-period increase of 2.6%. Gross profit margin was approximately 17.8%, representing a period-to-period decrease of 3.4 percentage points. Profit attributable to equity holders was approximately RMB2.18 billion, representing a period-to-period increase of 27.5%. Core net profit was approximately RMB2.15 billion, representing a period-to-period increase of 0.8%. Unrecognised sales value as of 30 June 2023 was RMB221.19 billion, representing an increase of 23.6% comparing with the beginning of the year.

The Board has resolved to declare an interim dividend for 2023 of HKD0.232 per share (equivalent to RMB0.213 per share).

Contracted Sales Maintained Steady Growth

China's real estate market has been highly volatile in the first half of the year. In light of a market featuring rapid changes and intensified differentiation, the Group insisted on implementing the precise sales strategy of "one property, one policy", promoted the integration of online and offline marketing, and leveraged the supporting function of digital marketing based on "Yuexiu Fangbao". Despite the market environment of weak recovery and significant fluctuations, the contracted sales value maintained steady growth in the first half of the year. During the first half of the year, the Group recorded contracted sales value (including contracted sales of projects of joint ventures and associates) of approximately RMB83.63 billion, representing a period-to-period increase of 71.0% and accounting for 63.4% of the full year contracted sales target of RMB132.0 billion. The Group has continuously improved its ranking and position in the industry, which consolidated its leading position in the Greater Bay Area and its first place in Guangzhou.

The Group's development strategy focuses on the Greater Bay Area and Eastern China, and keeps strengthening its presence in tier-1 cities and major tier-2 cities. In the first half of the year, the Group achieved contracted sales value of approximately RMB46.13 billion in the Greater Bay Area, accounting for approximately 55.2% of the Group's contracted sales value. In particular, Guangzhou contributed contracted sales value of approximately RMB40.26 billion, accounting for approximately 48.1% of the Group's contracted sales value. In Eastern China, the Group still maintained excellent sales performance, achieving contracted sales value of RMB18.63 billion in the first half of the year, representing a period-to-period increase of 151.4%. In the first half of the year, the contracted sales value of the Group in Central and Western China exceeded RMB10 billion for the first time and reached RMB12.05 billion, representing a period-to-period increase of 64.2%. The Group's strategy of particularly focusing on Beijing has made remarkable progress. In the first half of the year, the Group achieved contracted sales value of RMB6.82 billion in Northern China, representing a period-to-period increase of 182.4%. In particular, Beijing contributed contracted sales value of RMB3.86 billion, representing a period-to-period remarkable growth.

CHAIRMAN'S STATEMENT

Precise Investment to Obtain Premium Landbank

In the first half of the year, the Group achieved satisfactory results in its investments. It chose cities for investment more prudently and precisely, and selected the best among the outstanding investment projects, all of which were in tier-1 cities and major tier-2 cities. By doing so, the structure and quality of the landbank constantly optimised and enhanced. In the first half of the year, through the "6+1" diversified land acquisition platform, the Group acquired 11 new land parcels in Beijing, Shanghai, Guangzhou, Hangzhou, Chengdu, Wuhan, Qingdao and Xi'an, with a total gross floor area ("GFA") of approximately 2.17 million sq.m.. Among those, the Group acquired a total of 3 premium land parcels in Beijing, increasing approximately 0.43 million sq.m. of landbank. Adhering to the investment philosophy of prudent investment and investment based on sales cash inflows, the Group continued to improve "6+1" unique and diversified land acquisition platform with TOD, "city operation", urban renewal, cooperation with SOEs, mergers and acquisitions, industry-driven acquisitions and open market auction. The new land acquisitions for the first half of the year through diversified land acquisition models such as TOD, cooperation with SOEs and industry-driven acquisitions accounted for 22%, 14% and 27% of all new land acquisitions, respectively.

As of 30 June, the total landbank of the Group amounted to approximately 28.13 million sq.m., 93% of which are located in tier-1 cities and tier-2 cities. The quality and structure of the landbank continued to optimise, which can meet the Group's sustainable development needs in the future. The Group continued to deepen the cultivation in the Greater Bay Area and Eastern China, with a landbank of 12.97 million sq.m. and 11.34 million sq.m. respectively in the Greater Bay Area and Guangzhou, accounting for approximately 46.1% and 40.3% of the Group's total landbank respectively; and with a landbank of 5.28 million sq.m. in Eastern China, accounting for approximately 18.8% of the Group's total landbank.

Continuous Progress in Nationwide Layout of TOD

The Group continued to deepen the nationwide layout strategy of TOD business and invested in Xingqiao TOD project in Hangzhou during the first half of the year, resulting in an increase of approximately 0.48 million sq.m. of TOD landbank. The Hangzhou Xingqiao TOD project is the Group's second TOD project outside Guangzhou, as well as the Group's second strategic cooperation project with Hangzhou Metro, marking the deeper cooperation between the Group and Hangzhou Metro in TOD projects. The Group's TOD Institute continued to upgrade the technology and management standardisation system of TOD projects, so as to support the Group's TOD business layout and expansion in China.

The sales value of the Group's TOD projects amounted to RMB18.51 billion for the first half of the year, representing a period-to-period increase of 53.3%, with the sales scale reaching a new high level. In the first half of the year, the contracted sales value of the TOD projects in Guangzhou amounted to approximately RMB17.39 billion, while the contracted sales value of the TOD projects in Hangzhou amounted to RMB1.12 billion.

As of the first half of the year, the Group had a total of 9 TOD projects under development in Guangzhou and Hangzhou. The total landbank of TOD projects reached 3.98 million sq.m., accounting for approximately 14.2% of the total landbank of the Group.

CHAIRMAN'S STATEMENT

Deepen the "Coordinated Residential and Commercial Development" Strategy

The Group has steadily promoted the strategy of "Coordinated Residential and Commercial Development" and continuously improved the contribution of commercial properties to stable cash flow. The Group continuously optimised the operational and tenant acquisition strategies of various business segments, proactively improved customer structures and continuously improved the operation capabilities for commercial properties. The occupancy rates and unit rental prices of the Group's office properties remained generally stable, while retail business operations continued to pick up. Performance in hotels & apartments rebounded rapidly, with occupancy rates and unit rental prices approaching or returning to pre-pandemic levels.

The Group recorded a rental income from commercial properties directly held by it of approximately RMB0.21 billion for the first half of the year, representing a period-to-period increase of 16.7%, and Yuexiu REIT, in which the Group holds 36.83% of unit interests, recorded a revenue of approximately RMB1.06 billion, representing a period-to-period increase of 12.4%. The office assets of Yuexiu REIT generally maintained steady operations despite the market downturn, with a rental income of approximately RMB0.61 billion for the first half of the year. Major operating indicators of Four Seasons Hotel and Ascott Serviced Apartments rebounded strongly. The occupancy rates of wholesale markets have recovered significantly, while the operations of retail malls were also recovering steadily.

In the first half of the year, Yuexiu Services Group Limited ("Yuexiu Services"), in which the Group holds 66.92% interest, also recorded remarkable operating results, with revenue of approximately RMB1.51 billion, representing a period-to-period increase of 38.7% and profit attributable to shareholders of approximately RMB0.25 billion, representing a period-to-period increase of 17.5%. The management scale of Yuexiu Service has steadily increased, with contracted GFA of 77.49 million sq.m. and GFA under management of 58.76 million sq.m.. Community value-added services amounted to approximately RMB0.4 billion, representing a period-to-period increase of 64.2%. Net cash inflow from operating activities amounted to approximately RMB0.29 billion in the first half of the year, and cash on hand at the end of period amounted to approximately RMB4.62 billion. During the period, the overall gross profit margin reached 28.1%, with robust and secure financial position.

More Prudent and Safe Financial Position

In the first half of the year, in the face of greater market volatility, the Group, on one hand, accelerated the sales of properties and enhanced cash collection, resulting in a significant period-to-period improvement in cash collection rate of contracts for the year; on the other hand, the Group diversified financing channels to further reduce the average financing cost period-to-period, and the Group's weighted average borrowing interest rate decreased by 13 basis points period-to-period to 3.98% per annum in the first half of the year. In such a favorable environment where China lowered its interest rates, the Group took the opportunity to optimise and adjust the domestic and overseas debt structure. Throughout the period, the Group successfully issued a total of RMB5.4 billion of onshore corporate bonds at a weighted average borrowing interest rate of 3.37% per annum, and issued 10-year onshore corporate bonds for the first time with a coupon rate of 3.63%. In addition, the Group successfully issued a total of RMB3.4 billion of the RMB Bonds in China (Shanghai) Pilot Free Trade Zone at a weighted average borrowing interest rate of 3.92% per annum, leading among the industry in terms of financing costs.

During the period, the Group seized favorable opportunities in the market to successfully complete the fund raising by way of Rights Issue, which was over-subscribed by 1.15 times and raised net proceeds of approximately HKD8.3 billion. The Rights Issue was fully supported and subscribed by the two major shareholders, Yuexiu Group and Guangzhou Metro Group, fully reflecting our shareholders' confidence in the future development of the Group. The funds raised from the Rights Issue will be mainly used for investments in core cities in the Greater Bay Area and Eastern China, as well as other key provincial capital cities. At the same time, the completion of the Rights Issue will further enhance the capital base and strengthen the core competitiveness of the Group. For details of the Rights Issue, please refer to the Company's announcements dated 20 April 2023, 14 May 2023 and 2 June 2023, and the Company's prospectus dated 11 May 2023.

The Group has a healthy financial position as well as sufficient and safe liquidity. As of the end of June, the Group's cash and cash equivalents and charged bank deposits amounted to approximately RMB49.25 billion, representing an increase of 40.2% as compared to that as of the beginning of the year. With the total liabilities/total assets ratio (excluding unearned revenue) of 66.8%, the net gearing ratio of 53.2%, and the cash to short-term debt ratio of 4.2 times, the "Three Red Lines" indicators of the Group remained in "green lights", and the key financial indicators became healthier and safer. The Group continued to maintain its credit ratings of investment grade at Baa3 and BBB- by Moody's and Fitch respectively with stable outlooks.

CHAIRMAN'S STATEMENT

Continuous Improvement in ESG Management Standards

In the first half of the year, the Group adhered to seeking progress while maintaining stability, and integrated the concept of sustainable development into its business strategy and operations. While fulfilling its economic responsibilities, the Group relentlessly pursued the coordinated development of its business operation, environment and the society.

The Group continued to improve its governance structure for sustainability. In light of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Group has established and operated a TCFD Working Group under the ESG professional committee, responsible for identifying specific climate-related risks and opportunities and implementing various tasks.

The rating performance of the Group's ESG indicators continued to improve, and its 2022 ESG report received a four-and-a-half-star rating by the Chinese Expert Committee on CSR Report Rating. The 2030 sustainability vision of Yuexiu Property was disclosed for the first time in the ESG report released on 24 April 2023. On the same day, Yuexiu Property launched version 2.0 of the "Sustainability" section on its official website and the "Sustainability" section on its WeChat Official Account respectively, providing more disclosure channels and information for stakeholders to understand the progress of Yuexiu Property's sustainability issues.

II. BUSINESS OUTLOOK

Looking forward to the second half of the year, it is expected that global inflation will fall slowly, USD/HKD interest rates will remain high, and global economic growth will continue to slow down. In terms of China's economy, the mounting pressure on exports from the external environment it faced, coupled with the recent spate of credit/liquidity events among domestic real estate enterprises, will pose challenges to economic growth and the development of the real estate industry in the second half of the year. Considering the Chinese government's increasing support policies for the economy and the real estate market, it is expected that China's economy will continue to recover, and the real estate market will also bottom out and become stable.

On July 24, the Political Bureau of the Central Committee of the Communist Party of China convened a meeting, clearly proposing to effectively prevent and resolve key risks in the real estate sector, adapt to the new situation that significant changes have taken place in the relation between market supply and demand in China's real estate market, adjust and optimise real estate policies in due course, and make good use of policy tools, including region-specific regulatory policies, so as to better meet residents' rigid and improved housing demands and facilitate the steady and healthy development of the real estate market. It was also proposed to increase the construction and supply of affordable housing, actively promote the transformation of urban villages and the construction of public infrastructure for "dual use in normal and emergency situations" and revitalise and renovate various types of idle properties. Those reflected that the domestic housing policies have bottomed out, and the keynote of the regulatory policies has changed.

CHAIRMAN'S STATEMENT

It is expected that in the second half of the year, local governments will have more room to implement region-specific regulatory policies to adjust and optimise real estate policies in due course and boost market confidence, thereby reasonably releasing rigid and improved demands in the market. Through these adjustments, market supply and demand can achieve a balance, which promotes the healthy development of the real estate industry. Before the introduction of specific stimulus policies, the liquidity of domestic real estate enterprises will continue to be the focus of attention, and the market participants will maintain a wait-and-see attitude.

It is expected that in the second half of the year, the property market will enter into the consolidation phase. As the macro economy resumed stable growth, and following the introduction of policies to boost the real estate industry, market confidence and willingness to purchase properties have recovered. Against this background, the market is expected to stabilise and rebound, and the sales and housing prices in the real estate market throughout the year will generally remain stable or increase slightly. During the consolidation phase, the differentiation in the market and property developers will continue to intensify and market concentration will continue to rise. The market in tier-1 and tier-2 cities and core cities in the Greater Bay Area and the Yangtze River Delta will remain stable with great market potential. It is expected that the land market will remain greatly differentiated, and the land market in tier-1 and major tier-2 cities will remain highly competitive. As the financing environment of the real estate industry will remain differentiated, the differentiation of property developers in obtaining capital and costs will become obvious. For sound and quality property developers, they have a better position in terms of access to capital and multiple funding channels.

Achieving Various Annual Operation Targets

The Group will make every effort to achieve the annual sales and various operating goals in 2023. In terms of sales strategy, in response to the changes of the market, the Group will seek to achieve full year sales target and cash collection rate by implementing precise sales strategy of "one property, one policy", facilitating sales and cash collections, enhancing the sell-through rate, deepening digital marketing, leveraging the supporting function of the digital marketing platform of "Yuexiu Fangbao" to increase the proportion of its own sales channels. In terms of product strategy, the Group will continue to build up its product strength by building a full-cycle product operation system, adhering to the concept of "quality products", as well as steadily promoting the integration of customer research, product standardisation, Building Information Modeling (BIM) system, design and construction. The Group will also keep abreast of the mainstream market demand to design products that are more suitable for rigid and improved demands as well as buyers' requirements for product upgrades. In terms of operation strategy, the Group will continue to strengthen refined management, improve operation efficiency, reduce costs and increase efficiency, with an aim to enhance and optimise its cost management system. The Group will continue to optimise its organisational structure, improve the co-investment mechanism for projects and the long-term incentive mechanism for the management and core staff.

CHAIRMAN'S STATEMENT

Adhering to the Implementation of Precise Investment Strategies

In the second half of the year, the Group will continue to adhere to the prudent investment strategies of "precise investment" and "investment based on sales cash inflows", support precision investments by strengthening its investment research system, and concentrate on core cities and core locations for continuous in-depth cultivation. The Group will optimise its resources allocation, focusing on its investment in the Greater Bay Area and Eastern China, as well as tier-1 cities and quality tier-2 cities. By strictly controlling the quality of investment, the Group will maintain a high level of investment standards, and focus more on projects with high certainty in profitability, and select the best among the outstanding ones.

The Group will continue to reinforce and optimise the "6+1" diversified land acquisition platform and increase premium landbank, laying a foundation for continuous and stable development. The Group will deepen its strategic cooperation with Guangzhou Metro Group and continuously increase premium TOD projects in the Greater Bay Area. Meanwhile, the Group will take the existing cooperation on TOD projects with Hangzhou Metro as an opportunity to continuously explore TOD market in Eastern China, and continuously expand the nationwide layout of TOD. The Group will continue to step up its efforts in the expansion and layout of urban renewal projects, enhance cooperation with urban renewal platforms of governments to focus on the redevelopment of old villages. The Group will continue to strengthen strategic cooperation with state-owned enterprises and closely monitor the opportunities of acquiring quality projects in the market of M&As at the same time.

Deepening the "Coordinated Residential and Commercial Development" Strategy

Continuously upholding the strategy of "Coordinated Residential and Commercial Development", the Group will steadily increase the contribution of commercial properties performance to its financial results. To strengthen the investment attraction and operation capability of commercial projects for the commercial segment, the Group will build on its positioning as an asset manager to proactively manage and enhance the operation capability for commercial properties and the brand influence of the featured commercial properties. For the property service segment, the Group will firmly follow the concept of "basic service as the root, brand as the soul" to enhance its service brand and reputation among customers. Focusing on business expansion in the homebase and where it has advantages, the Group will strengthen and expand its community value-added service business, enhance product innovation and customer management, improve business competitiveness, expand scales and improve results. For the healthcare segment, the Group will continue to enhance its operating capabilities, diversify sales channels, improve the overall occupancy rate and service brand, and actively explore new drivers for business growth and enhance synergies among business segments.

Adhering to Prudent and Safe Financial Policies

The Group will strengthen the management of liquidity risks, enhance cash collection rate, and ensure the management of cash flows from operating activities. The Group will reasonably control the scale of interest-bearing liabilities, continue to reduce financing costs, and maintain the smooth flow and channel diversification of domestic and overseas financing. The Group will strengthen the overall management of onshore and offshore funds to increase efficiency in capital utilisation, and continue to optimise its debt structure, including both domestic and overseas debt structure and debt maturity structure. The Group will continue to keep the "Three Red Lines" indicators staying in "green lights" and the investment-grade credit ratings of Moody's and Fitch. Meanwhile, to identify and prevent risk dynamically, the Group will continue to optimise its operational and financial risk monitoring system.

Acknowledgements

In the second half of the year, with "Refined Management" and "New Capabilities, New Mechanisms and New Culture" as the new development driving forces, the Group will actively respond to market challenges. Through actively exploring new development model under the new competition pattern of the industry, adhering to the high-quality and sustainable development, the Group will constantly strive to improve the return on shareholder's capital and value. With respect to the Group's achievements in steady performance and development in a variety of businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers, and business partners for their full trust and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In the first half of 2023, the Group realised revenue of approximately RMB32.10 billion (in the first half of 2022: RMB31.29 billion), representing a period-to-period increase of 2.6%. The gross profit was approximately RMB5.70 billion (in the first half of 2022: RMB6.65 billion), representing a period-to-period decrease of 14.2%, and the gross profit margin was approximately 17.8%, representing a period-to-period decrease of 3.4 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In the first half of 2023, profit attributable to equity holders of the Company was approximately RMB2.18 billion (in the first half of 2022: RMB1.71 billion), representing a period-to-period increase of 27.5%. The core net profit* was approximately RMB2.15 billion (in the first half of 2022: RMB2.13 billion), representing a period-to-period increase of 0.8%, and the core net profit margin reached approximately 6.7%.

CONTRACTED SALES

In the first half of 2023, the Group recorded aggregate contracted sales value (including sales of projects of joint ventures and associates) of approximately RMB83.63 billion, representing a period-to-period increase of 71.0%, and achieving 63.4% of the full year contracted sales target of RMB132.0 billion. The aggregate contracted sales GFA (including sales of projects of joint ventures and associates) amounted to approximately 2.47 million sq.m., representing a period-to-period increase of 39.2%, while the average selling price was approximately RMB33,800 per sq.m., representing a period-to-period increase of 22.9%.

Geographically, Greater Bay Area, Eastern China, Central China, Northern China and Western China accounted for approximately 55.2%, 22.3%, 11.5%, 8.1% and 2.9%, of the contracted sales value for the first half of 2023, respectively.

* Core net profit represents profit attributable to equity holders excluding net foreign exchange gains/(losses) recognised in the consolidated statement of profit or loss and net fair value gains/(losses) on investment properties held on a continuing basis (excluding investment properties disposed during the period) and the related tax effect.

GREATER BAY AREA

The Greater Bay Area's consumption saw a steady recovery in the first half of 2023, with the support of national strategies, the Greater Bay Area has focused on building itself into an international consumption hub, and its commercial residential properties market maintained stable in the first half of the year as the economic growth momentum gradually recovers. The Group continued to deploy its resources in seven cities of the Greater Bay Area, including Guangzhou, Shenzhen, Hong Kong, Foshan, Jiangmen, Zhongshan and Dongguan. In the first half of 2023, the contracted sales value of the Group in the Greater Bay Area amounted to approximately RMB46.13 billion, representing a period-to-period increase of 45.3% and accounting for approximately 55.2% of the Group's contracted sales value.

In the first half of 2023, overall transactions in Guangzhou's property market showed an upsurge before decline, evidenced by a concentrated release of demand during the resurgence period in March and a decline in demand in April and May subsequently. However, the policies remained stable with overall marginal loosening. The Group maintained steady growth in contracted sales in Guangzhou, with a contracted sales value of approximately RMB40.26 billion, representing a period-to-period increase of 37.2% and accounting for approximately 48.1% of the Group's contracted sales value.

In the first half of 2023, the property policy in Shenzhen focused on remaining loose marginally and attracting talents to settle down. Both the supply and transaction of commodity housing increased as compared with the same period of last year, while the selling prices declined slightly. In the first half of 2023, the Group recorded the contracted sales value in Shenzhen of approximately RMB2.42 billion, representing a period-to-period increase of approximately 7.2 times.

In the first half of 2023, the property policies in Foshan, Dongguan, Zhongshan and Jiangmen remained loose. In particular, the overall transaction volume and price increased in the markets of Foshan and Dongguan, while the overall market performance in Jiangmen and Zhongshan was relatively stable. In the first half of 2023, the contracted sales value of the Group in the aforesaid four cities amounted to approximately RMB3.46 billion, representing a period-to-period increase of 63.4%.

EASTERN CHINA

In the first half of 2023, the Group has established operations in seven cities including Shanghai, Hangzhou, Suzhou, Jiaxing, Nantong, Nanjing and Ningbo within Eastern China, and has generated sales results in Shanghai, Hangzhou, Ningbo, Nanjing, Suzhou and Nantong. In the first half of 2023, the overall market supply and demand recorded an increase as the demand released in Shanghai, though there was no major regulatory policy introduced, while the selling price remained stable. In the first half of the year, the regulatory policies in Hangzhou and Suzhou were relatively intensive and loose in tone, with main regulation in the ease of purchase restrictions. The two cities also adopted measures such as upward adjustment of housing provident fund loan facilities and provision of deed tax subsidy for house purchasers, so as to support rigid and upgrading demands. In such case, the market recorded an increase in both transaction volume and price. The regulatory policies in Nanjing, Ningbo and Nantong were relatively stable but their market sentiments were relatively weak. In particular, Nanjing and Ningbo experienced a decline in transactions in a situation where the supply reduced, while Nantong maintained a stable transaction volume and price. In the first half of 2023, the contracted sales value of the Group in Eastern China was approximately RMB18.63 billion, representing a period-to-period increase of 151.4% and accounting for approximately 22.3% of the Group's contracted sales value.

CENTRAL CHINA

In the first half of 2023, the Group has established operations in six cities within Central China, including Wuhan, Xiangyang, Zhengzhou, Hefei, Changsha and Chenzhou. In the first half of the year, Wuhan saw a relaxation of purchase restrictions, and the market experienced a period-to-period increase in both supply and demand, while the housing price showed the differentiation in regions, where the selling price in the city centre remained stable. Hefei has implemented loose policies, to fuel demand for property purchases and resulted in an increase in both volume and price of transactions in the residential market. The property policy in Changsha was relatively less relaxed, and the supply and sales declined after a short-term recovery of the transaction volume at the beginning of the year due to weaker policy support. The measures regulating demands in Zhengzhou were relatively weak in the first half of the year, with an obvious regional differentiation in terms of transaction volume, and the sell-through rate of improved projects in core areas remained relatively high. The property market in Xiangyang and Chenzhou remained generally stable in the first half of the year. In the first half of 2023, the contracted sales value of the Group in Central China amounted to approximately RMB9.60 billion, representing a period-to-period increase of 74.4% and accounting for approximately 11.5% of the Group's contracted sales value.

NORTHERN CHINA

The Group has established operations in five cities within Northern China including Beijing, Shenyang, Qingdao, Ji'nan and Yantai. In the first half of 2023, the property regulation in Beijing remained stable, with a steady growth in market performance, and a stable period-to-period increase in the transaction volume in the first half of the year. The property market in Shenyang experienced significant adjustments, with both transaction volume and price declining. Qingdao introduced a package of policies such as down payment reduction and optimisation of provident fund policies, driving an increase in transaction volume, but the regional differentiation was obvious and transactions in the main city areas were active. The property markets in both Ji'nan and Yantai showed a trend of ascent before decline, and there was a strong wait-and-see sentiment. In the first half of 2023, the contracted sales value of the Group in Northern China amounted to approximately RMB6.82 billion, representing a period-to-period increase of 182.4% and accounting for approximately 8.1% of the Group's contracted sales value.

WESTERN CHINA

The Group has established operations in four cities in Western China, including Chongqing, Chengdu, Xi'an and Bijie, and has generated sales results in Chongqing, Chengdu and Xi'an. In the first half of 2023, there was no major stimulus regulatory policies introduced in Chongqing, but the market remained stable, with an overall increase in transaction volume and price. Though no significant adjustments have been made on the regulatory policies for the property market in Chengdu, the market sentiment was relatively high, and the core areas recorded a sound performance in sales of quality projects. Despite a slight decline in the market sentiment in the second quarter, quality projects still performed well in terms of transaction volume. The overall market sentiment in Xi'an improved as compared with the same period of last year. In the first half of 2023, the contracted sales value of the Group in Western China amounted to approximately RMB2.45 billion, representing a period-to-period increase of 33.7% and accounting for approximately 2.9% of the Group's contracted sales value.

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted sales of the Group in the first half of 2023 are summarised as follows:

City	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
Guangzhou	862,000	40,255	46,700
Shenzhen	32,800	2,421	73,800
Foshan	67,800	1,583	23,300
Dongguan	20,700	578	27,900
Jiangmen	53,400	452	8,500
Zhongshan	59,100	842	14,200
Subtotal (Greater Bay Area)	**1,095,800**	**46,131**	**42,100**
Shanghai	92,000	6,794	73,800
Hangzhou	201,500	6,693	33,200
Suzhou	52,700	921	17,500
Nantong	2,600	61	23,500
Nanjing	87,400	3,916	44,800
Ningbo	9,700	241	24,800
Subtotal (Eastern China Region)	**445,900**	**18,626**	**41,800**
Wuhan	152,400	2,991	19,600
Hefei	170,100	3,527	20,700
Xiangyang	55,500	427	7,700
Zhengzhou	89,900	1,581	17,600
Changsha	90,400	1,057	11,700
Chenzhou	2,000	12	6,000
Subtotal (Central China Region)	**560,300**	**9,595**	**17,100**
Beijing	62,400	3,862	61,900
Shenyang	15,200	119	7,800
Qingdao	104,000	1,627	15,600
Yantai	20,100	170	8,500
Ji'nan	59,200	1,043	17,600
Subtotal (Northern China Region)	**260,900**	**6,821**	**26,100**
Chongqing	33,900	537	15,800
Chengdu	77,200	1,913	24,800
Xi'an	400	4	10,000
Subtotal (Western China Region)	**111,500**	**2,454**	**22,000**
Total	**2,474,400**	**83,627**	**33,800**

MANAGEMENT DISCUSSION AND ANALYSIS

RECOGNISED SALES

In the first half of 2023, the value of the recognised sales (including the sales of investment properties) and GFA of the recognised sales were approximately RMB30.19 billion and 1.33 million sq.m. respectively, representing a period-to-period increase of 0.9% and 10.7%, respectively, and the average selling price was approximately RMB22,700 per sq.m..

Recognised sales of the Group in the first half of 2023 are summarised as follows:

City	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
Guangzhou	752,700	21,340	28,400
Shenzhen	800	113	141,300
Foshan	101,700	2,128	20,900
Jiangmen	17,400	89	5,100
Zhongshan	38,300	553	14,400
Subtotal (Greater Bay Area)	**910,900**	**24,223**	**26,600**
Hangzhou	175,100	3,358	19,200
Suzhou	29,200	372	12,700
Subtotal (Eastern China Region)	**204,300**	**3,730**	**18,300**
Wuhan	30,900	573	18,500
Changsha	84,400	774	9,200
Subtotal (Central China Region)	**115,300**	**1,347**	**11,700**
Shenyang	14,000	110	7,900
Qingdao	63,900	537	8,400
Yantai	800	2	2,500
Subtotal (Northern China Region)	**78,700**	**649**	**8,200**
Chengdu	18,900	238	12,600
Subtotal (Western China Region)	**18,900**	**238**	**12,600**
Total	**1,328,100**	**30,187**	**22,700**

UNRECOGNISED SALES

As of 30 June 2023, the unrecognised sales value amounted to approximately RMB221.19 billion, representing an increase of 23.6% as compared to that as of the beginning of the year, and the unrecognised sales GFA was approximately 6.42 million sq.m., representing an increase of 11.7% as compared to that as of the beginning of the year. The average selling price was approximately RMB34,500 per sq.m., representing an increase of 10.9% as compared to that as of the beginning of the year.

LANDBANK

In the first half of 2023, the Group has newly acquired 11 land parcels located in Beijing, Shanghai, Guangzhou, Hangzhou, Wuhan, Qingdao, Chengdu and Xi'an with a total GFA of approximately 2.17 million sq.m..

The land parcels newly acquired by the Group in the first half of 2023 are summarised as follows:

No.	Project	Equity Holding	Total GFA (sq.m.)
1	Nansha Hong Kong People's Community	27.77%	478,200
2	Shanghai Jing'an Land	95.00%	17,800
3	Hangzhou Jadeite	38.86%	213,400
4	Hangzhou Xingqiao TOD	18.05%	478,500
5	Wuhan Qiaokou Land	27.73%	118,900
6	Beijing Haidian Land	95.00%	164,700
7	Beijing Yuexiu Tianyue	100.00%	94,100
8	Beijing Yuexiu Melody	100.00%	175,300
9	Qingdao Grand Mansion	51.00%	132,500
10	Chengdu Chenghua Land	27.73%	133,200
11	Xi'an Gaoxin Land	49.00%	162,800
	Total		**2,169,400**

As of 30 June 2023, the landbank of the Group reached approximately 28.13 million sq.m., located in 30 cities in China and the structure and regional layout of the landbank continued to improve. Geographically, Greater Bay Area, Eastern China, Central China, Northern China, Western China accounted for approximately 46.1%, 18.8%, 19.1%, 9.9% and 6.1%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The landbank of the Group is summarised as follows:

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
1	Guangzhou Tianhe Grand Mansion	241,700	241,700	—
2	Guangzhou Pazhou South TOD	429,100	429,100	—
3	Guangzhou Pazhou Shade (previous name: Guangzhou Xingang Road East Land)	128,800	128,800	—
4	Guangzhou Nanhua Land	28,400	28,400	—
5	Guangzhou Starry Haizhu Bay	127,100	127,100	—
6	Guangzhou Galaxy Bay	450,400	288,500	161,900
7	Guangzhou Jiangwan Grand Mansion (previous name: Guangzhou Zinc Plate Plant Land)	218,700	10,900	207,800
8	Guangzhou Joy Cloud	192,800	192,800	—
9	Guangzhou Joy Lake	348,200	348,200	—
10	Guangzhou Joy Golden Sands	271,600	271,600	—
11	Guangzhou Baiyun Starry City	1,029,400	295,500	733,900
12	Guangzhou Baiyun Guanglong Land II	90,600	—	90,600
13	Guangzhou Skyline Mansion	154,400	154,400	—
14	Guangzhou Oasis Mansion	165,200	165,200	—
15	Guangzhou Infinity TOD	613,900	613,900	—
16	Guangzhou Star Wave	60,100	60,100	—
17	Guangzhou Grand Mansion	302,800	302,800	—
18	Guangzhou Grand Mansion II	176,400	176,400	—
19	Guangzhou Xingye Avenue Land	399,600	182,000	217,600
20	Guangzhou Starry Wenxi	46,700	46,700	—
21	Guangzhou University Town Starry City	262,300	262,300	—
22	Guangzhou Panyu Jinan University Land II	329,700	—	329,700
23	Guangzhou University Town Grand Mansion	319,400	319,400	—
24	Guangzhou Car Town	50,900	50,900	—
25	Guangzhou Talent Garden	61,400	61,400	—
26	Guangzhou Voyage TOD	208,400	208,400	—
27	Guangzhou Melody TOD	319,000	319,000	—
28	Guangzhou Fantasy TOD	280,100	280,100	—
29	Guangzhou TOD Town	374,900	374,900	—
30	Guangzhou Mountain Living	137,100	137,100	—
31	Nansha Southern Le Sand	514,500	97,400	417,100

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
32	Nansha Tianyu Square	50,300	50,300	—
33	Nansha International Financial Center	60,000	60,000	—
34	Nansha Joy Bay	101,100	101,100	—
35	Nansha Flourishing Bay	214,800	214,800	—
36	Nansha Ocean One	87,900	87,900	—
37	Nansha Golden Bay	188,500	188,500	—
38	Nansha Joy Bay	90,800	90,800	—
39	Nansha Bay City (previous name: Nansha Meishan Land)	494,100	228,000	266,100
40	Nansha Qingsheng Land	153,700	75,900	77,800
41	Nansha Hong Kong People's Community	478,200	—	478,200
42	Huadu Elegant Mansion	70,600	70,600	—
43	Guangzhou Galaxy TOD	906,600	620,600	286,000
44	Zengcheng Joy Mountain	85,000	85,000	—
45	Conghua Glade Village	23,700	—	23,700
46	Shenzhen Shade Walk (previous name: Shenzhen Bao'an Center Land)	80,600	80,600	—
47	Shenzhen Coast Walk	96,500	96,500	—
48	Nanhai Starry Mansion	1,200	1,200	—
49	Nanhai Starry Wenhan	96,000	96,000	—
50	Nanhai Lake View Mansion	110,600	110,600	—
51	Nanhai Imperial Pearl	176,400	176,400	—
52	Nanhai River Mansion	74,000	74,000	—
53	Dongguan Cloud Lake	89,500	89,500	—
54	Dongguan Joy Bay	199,300	199,300	—
55	Jiangmen Yuexiu Binjiang Enjoy City	700	700	—
56	Jiangmen Yuexiu Binjiang Grand City	49,000	49,000	—
57	Jiangmen Starry Guanlan	227,100	227,100	—
58	Zhongshan Yuexiu Empyrean	157,400	157,400	—
59	Zhongshan Yuexiu Grand Palace	197,800	197,800	—
60	Hong Kong Yau Tong Project	72,100	—	72,100
	Subtotal (Greater Bay Area)	**12,967,100**	**9,604,600**	**3,362,500**
61	Shanghai Jing'an Land	17,800	—	17,800
62	Shanghai City Gather	125,400	125,400	—
63	Shanghai Ubran Prism	268,200	268,200	—
64	Shanghai Grand Harmony	168,400	168,400	—

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
65	Hangzhou Starry City	196,100	—	196,100
66	Hangzhou Celestial Ocean	219,500	219,500	—
67	Hangzhou Celestial Palace	73,800	73,800	—
68	Hangzhou Cloud Palace	213,200	213,200	—
69	Hangzhou Era Mansion	142,100	142,100	—
70	Hangzhou Enjoy Mansion	421,900	421,900	—
71	Hangzhou Jadeite	213,400	213,400	—
72	Hangzhou Opus Mansion	75,200	75,200	—
73	Hangzhou Xingqiao TOD	478,500	275,000	203,500
74	Hangzhou Joy Paragon	69,200	69,200	—
75	Hangzhou Joy Mansion	76,900	76,900	—
76	Hangzhou Twinkle Mansion	142,800	142,800	—
77	Hangzhou Infinite Island	370,700	370,700	—
78	Suzhou Joy Years	164,000	164,000	—
79	Suzhou Eastern Cloud	104,200	104,200	—
80	Suzhou Joy Cloud	129,500	129,500	—
81	Suzhou Taicang Never Land	626,100	312,000	314,100
82	Nantong Luminous Mansion	168,100	168,100	—
83	Nanjing Grand Mansion	89,100	89,100	—
84	Nanjing Art Cloud	103,400	103,400	—
85	Nanjing Art Times	133,700	133,700	—
86	Nanjing Treasure	237,700	237,700	—
87	Nanjing Jade Mansion	130,500	130,500	—
88	Ningbo Joy Cloud	119,800	119,800	—
	Subtotal (Eastern China Region)	**5,279,200**	**4,547,700**	**731,500**
89	Wuhan International Financial City	222,400	222,400	—
90	Wuhan Starry Garden	71,500	71,500	—
91	Wuhan Qiaokou Land	118,900	—	118,900
92	Wuhan Hanyang Starry Winking	481,000	203,900	277,100
93	Wuhan Yuexiu Mansion	70,800	70,800	—
94	Wuhan Yuexiu Garden	95,800	95,800	—
95	Xiangyang Starry City	371,300	371,300	—
96	Xiangyang Dongjin Land	148,200	148,200	—
97	Hefei Starry Junlan	194,900	194,900	—
98	Hefei Tan Gim	169,300	169,300	—
99	Hefei Joy Yunting (previous name: Hefei Feixi Land I)	225,100	225,100	—
100	Hefei Joy Winking (previous name: Hefei Feixi Land II)	171,500	171,500	—

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
101	Zhengzhou Yuexiu Future Mansion	410,500	410,500	—
102	Zhengzhou Glory Mansion (previous name: Zhengzhou Jinshui Land)	112,000	112,000	—
103	Zhengzhou Elegant Mansion	137,900	137,900	—
104	Changsha Scenery Culture	173,900	173,900	—
105	Changsha Smart Science City	259,500	259,500	—
106	Changsha Qin'ai Lane	1,100	1,100	—
107	Changsha Mountain Mansion	196,300	—	196,300
108	Changsha Starry City	479,900	479,900	—
109	Changsha Joy Star	412,500	186,100	226,400
110	Chenzhou Starry City	848,400	331,300	517,100
	Subtotal (Central China Region)	**5,372,700**	**4,036,900**	**1,335,800**
111	Beijing Haidian Land	164,700	—	164,700
112	Beijing Yuexiu Tianyue	94,100	94,100	—
113	Beijing Yuexiu Melody	175,300	—	175,300
114	Beijing Hill Mansion	329,200	329,200	—
115	Shenyang Starry Winking	16,500	16,500	—
116	Shenyang Hill Lake	216,000	16,400	199,600
117	Qingdao Grand Mansion	132,500	98,000	34,500
118	Qingdao Magnificent Bay	37,400	37,400	—
119	Qingdao Inner Peace	666,400	464,100	202,300
120	Qingdao Starry City	186,200	45,600	140,600
121	Qingdao Yuexiu Starry City	71,200	71,200	—
122	Qingdao Pingdu Southern New Town Land II	268,200	—	268,200
123	Yantai Joy Mansion	65,300	65,300	—
124	Ji'nan Hillside Mansion	237,800	237,800	—
125	Ji'nan Baimai Delighted Mansion	132,300	132,300	—
	Subtotal (Northern China Region)	**2,793,100**	**1,607,900**	**1,185,200**
126	Chongqing Impressive Lake	206,300	206,300	—
127	Chongqing Avant Garde	147,500	147,500	—
128	Chongqing Galaxy Garden	329,600	76,100	253,500
129	Chengdu Empyreal Winking	64,700	64,700	—
130	Chengdu Chenghua Land	133,200	133,200	—
131	Chengdu Lake Mansion	196,600	196,600	—
132	Xi'an Oriental Mansion	374,700	374,700	—
133	Xi'an Gaoxin Land	162,800	162,800	—
134	Haikou Simapo Island Project	100,500	—	100,500
	Subtotal (Western China Region)	**1,715,900**	**1,361,900**	**354,000**
	Total	**28,128,000**	**21,159,000**	**6,969,000**

MANAGEMENT DISCUSSION AND ANALYSIS

CONSTRUCTION PROGRESS

The Group strived to accelerate development efficiency and turnover rate of projects. During the first half of 2023, project development was in line with the Group's schedule. New commencement of construction and completion projects are summarised as follows:

Construction progress	**First half of 2023 Actual GFA (sq.m.)**	**2023 Planned GFA (sq.m.)**
New commencement of construction	**2,727,900**	**8,745,500**
Completion*	**2,487,300**	**7,528,300**

* Completion for consolidation GFA in the first half of 2023(A) and 2023(E) are 1.42 million sq.m. and 4.76 million sq.m. respectively.

OTHER GAINS AND LOSSES

In the first half of 2023, the Group's other gains and losses amounted to approximately RMB16 million, which mainly due to the combined effect of the net fair value losses on investment properties held at the end of period of approximately RMB111 million and penalty income of approximately RMB51 million.

OTHER GAINS AND LOSSES — INVESTMENT PROPERTIES

As of 30 June 2023, the Group owned investment properties under lease of approximately 775,000 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 46.0%, 34.7% and 19.3%, respectively. The Group recorded rental income of approximately RMB210 million in the first half of 2023, representing a period-to-period increase of 16.7%, which was mainly due to the increase in the rental income of Guangzhou ICC.

In the first half of 2023, the Group recorded net fair value losses on investment properties of approximately RMB111 million, which was mainly attributable to the fact that the Group recorded fair value losses on Wuhan International Financial City of approximately RMB135 million as a result of being affected by the market environment.

SELLING AND MARKETING COSTS

In the first half of 2023, the Group's selling and marketing costs were approximately RMB731 million, representing a period-to-period increase of 3.0%. The selling and marketing costs accounted for 2.3% of total recognised sales for the period, which was in line with that for the same period of last year.

ADMINISTRATIVE EXPENSES

In the first half of 2023, the Group's administrative expenses amounted to approximately RMB616 million, representing a period-to-period decrease of 5.3%. The administrative expenses accounted for 1.9% of the recognised sales for the period, decreased by 0.2 percentage point from 2.1% for the same period of last year.

FINANCE COSTS

In the first half of 2023, the finance costs of the Group amounted to approximately RMB298 million, representing a decrease of RMB254 million as compared to the interim period of 2022. This was mainly due to the proceeds of approximately HKD8.31 billion from the Rights Issue made by the Company in the period, and the foreign currency exposure of the Company changed from net foreign currency liabilities to net foreign currency assets, resulting in an exchange gain of approximately RMB133 million recorded for the period against the backdrop of the depreciation of RMB, representing a period-to-period decrease in finance costs of RMB210 million as compared to the exchange loss of approximately RMB77 million for the same period of last year. As the overall financing environment has remained moderate since the first half of 2023, the Group's weighted average borrowing interest rate for the period declined to 3.98% per annum from 4.11% per annum for the same period of 2022.

SHARE OF PROFIT FROM ASSOCIATES

In the first half of 2023, the overall net profit from associates attributable to the Group was approximately RMB367 million, including gains on the investment in Yuexiu Real Estate Investment Trust ("Yuexiu REIT") of approximately RMB44 million in the first half of the year.

In the first half of 2023, the total distributable amount of Yuexiu REIT amounted to approximately RMB261 million, representing a period-to-period decrease of 23.8%, and the cash distribution attributable to the Group amounted to approximately RMB96 million.

BASIC EARNINGS PER SHARE

In the first half of 2023, basic earnings per share attributable to the equity holders of the Company (calculated based on the weighted average number of ordinary shares in issue) were RMB0.6345 (in the first half of 2022: RMB0.5152).

During the six months ended 30 June 2023, the Company completed the Rights Issue of 928,936,826 rights shares at the subscription price of HKD9.00 per rights share on the basis of 30 rights shares for every 100 existing shares held by qualifying shareholders on the record date (i.e. 10 May 2023).

The weighted average number of 3,431,871,678 ordinary shares for the first half of 2023 was derived from ordinary shares in issue as at 1 January 2023 after taking into account the effects of Rights Issue abovementioned. The weighted average number of ordinary shares for the purposes of basic earnings per share for the six months ended 30 June 2022 has been correspondingly adjusted.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for 2023 of HKD0.232 per share (equivalent to RMB0.213 per share) (2022 interim: HKD0.319 per share equivalent to RMB0.275 per share) to shareholders whose names appear on the Register of Members of the Company on 20 October 2023. The interim dividend will be distributed to shareholders on or around 21 November 2023.

Dividends payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China ("PBOC") in the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasised on funding management and risk control, established a sustainable and sound monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores more funding channels, optimises the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

During the period, the Company successfully completed the Rights Issue of 928,936,826 rights shares at the subscription price of HKD9.00 per rights share on the basis of 30 rights shares for every 100 existing shares held by qualifying shareholders. The subscription price of HKD9.00 per rights share represented a discount of approximately 28.3% to the closing price of HKD12.56 per share as quoted on the Stock Exchange on 19 April 2023, being the last trading day of the shares on the Stock Exchange prior to the release of the rights issue announcement of the Company dated 20 April 2023. The Rights Issue was oversubscribed by 1.15 times and raise net proceeds of approximately HKD8.3 billion. A total of 928,936,826 ordinary shares of the Company were allotted and issued pursuant to the Rights Issue. On this basis, the net issue price per rights share was approximately HKD8.93. The completion of the Rights Issue will further enhance the capital base and strengthen the core competitiveness of the Group. As at 30 June 2023, the Group has utilised the net proceeds as follows:

Category	Intended use of the net proceeds (HKD million)	Percentage of total proceeds %	Actual use of proceeds during the six months ended 30 June 2023 (HKD million)	Unutilised proceeds up to 30 June 2023 (HKD million)	Expected timeline for the intended use
The Company's further investment in core cities in the Greater Bay Area, the Eastern China Region and other key provincial capital cities, including the TOD projects, urban redevelopment projects, and etc.	5,810	70%	—	5,810	By end of September 2024
Working capital and/or optimising financing structure of the Company	2,490	30%	2,490	—	—
Total	8,300	100%	2,490	5,810	

The unutilised proceeds are expected to be used in accordance with the purposes set out above and are currently held as bank deposits.

In the first half of 2023, the Group obtained new borrowings of approximately RMB32.83 billion, including onshore borrowings of approximately RMB26.41 billion and offshore borrowings of approximately RMB6.42 billion. As at 30 June 2023, total borrowings amounted to approximately RMB99.82 billion (31 December 2022: RMB88.30 billion), cash and cash equivalents and charged bank deposits amounted to approximately RMB49.25 billion, and the net gearing ratio was 53.2%. Borrowings due within one year accounted for approximately 12% of the total borrowings (31 December 2022: 18%), fixed-rate borrowings accounted for approximately 49% of the total borrowings (31 December 2022: 51%). As the overall financing environment has remained moderate since the first half of 2023, the Group's weighted average borrowing interest rate for the period was approximately 3.98% per annum, decreased by 13 basis points from 4.11% per annum for the same period of 2022.

As at 30 June 2023, among the Group's total borrowings, approximately 51% was RMB denominated bank borrowings and other borrowings (31 December 2022: 52%), 10% was Hong Kong dollar denominated bank borrowings (31 December 2022: 10%), 11% was Hong Kong and US dollar denominated medium-to-long term notes (31 December 2022: 15%), 28% was RMB denominated medium-to-long term notes (31 December 2022: 23%).

As at 30 June 2023, the Group's cash and cash equivalents amounted to RMB30,279 million (31 December 2022: RMB21,846 million), of which 93% (31 December 2022: 93%) are RMB-denominated and the rest are mainly denominated in HKD and USD.

WORKING CAPITAL

On 30 June 2023, the Group's working capital (current assets less current liabilities) amounted to approximately RMB128.34 billion (31 December 2022: approximately RMB105.46 billion). The Group's current ratio (current assets divided by current liabilities) was 1.7 times (31 December 2022: 1.6 times). Cash and cash equivalents amounted to approximately RMB30.28 billion (31 December 2022: RMB21.85 billion). Charged bank deposits amounted to approximately RMB18.97 billion (31 December 2022: RMB13.27 billion). Undrawn committed bank facilities amounted to approximately RMB46.08 billion.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarised as follows:

	As at	
	30 June 2023 RMB'000	31 December 2022 RMB'000
Bank borrowings and notes		
Denominated in RMB	**79,272,069**	66,015,520
Denominated in HKD	**11,891,709**	10,456,797
Denominated in USD	**8,657,201**	11,826,017
Total bank borrowings and notes	**99,820,979**	88,298,334
Bank overdrafts	**35**	29
Total debts	**99,821,014**	88,298,363
Ageing analysis:		
Within one year	**11,713,000**	15,744,272
In the second year	**30,849,608**	24,001,885
In the third to fifth year	**50,463,475**	43,376,890
Beyond five years	**6,794,931**	5,175,316
Total borrowings	**99,821,014**	88,298,363
Lease liabilities	**890,432**	891,594
Less: Cash and cash equivalents	**(30,278,646)**	(21,846,458)
Net borrowings	**70,432,800**	67,343,499
Total equity	**95,099,380**	84,792,741
Total capitalisation	**165,532,180**	152,136,240
Gearing ratio	**42.5%**	44.3%

INTEREST RATE EXPOSURE

The Group's interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars and US dollars. As of 30 June 2023, among the total borrowings of the Group, approximately 41% was floating rate bank loans denominated in Renminbi, approximately 10% was floating rate bank loans denominated in Hong Kong dollars, approximately 10% was fixed rate bank loans and other borrowings denominated in Renminbi, approximately 28% was medium-to-long term fixed rate bonds denominated in Renminbi, and approximately 11% was medium-to-long term fixed rate notes denominated in US dollars and Hong Kong dollars.

Since early 2022, the Federal Reserve has significantly raised interest rates to control high inflation. At present, inflation has eased but the decline has not yet met expectations. The market expects that the Federal Reserve may raise interest rates once more in the second half of 2023, depending on inflation data. Early this year, the rise in Hong Kong dollar interest rates lagged behind the rise in US dollar interest rates. Currently, the interest rate spread has narrowed significantly, and Hong Kong dollar interest rates will basically follow the trend of US dollar interest rates in the future. The ratio of fixed rate financing against the total financing of the Group is approximately 49%, and offshore floating rate borrowings are mainly bank borrowings denominated in Hong Kong dollar. As the IRS quotes of Hong Kong dollars in the market generally reflected interest rate decline expectation, the Group did not arrange interest-rate hedging instruments during the reporting period. The Group will continue to track the IRS quotes in the market to appropriately hedge borrowing interest rate exposure at a reasonable cost. The weighted average borrowing interest rate for the first half of 2023 was approximately 3.98% per annum, decreased by 13 basis points from 4.11% per annum for the same period of 2022.

With respect to Renminbi interest rates, the PBOC has introduced relatively loose and prudent monetary policies in 2023 to stimulate economic recovery and enhance the management and control of the property market exposure. In the first half of the year, China's economic recovery fell short of expectations, and the central government will be expected to introduce more policies to accelerate economic recovery. At present, inflation has dropped to near zero, and it is expected to implement slight reserve requirement ratio or interest rate cuts in the second half of the year, aiming to promote overall economic recovery.

With respect to US dollar interest rates, in 2022, in the face of persistent high inflation, the Federal Reserve adopted monetary tightening policy, including raising interest rates significantly and reducing the purchase of bonds. At present, the inflation rate has fallen, but there is still a long way to go before the target of 2%. The market expects the tightened monetary policy may lead to a recession in the United States by the end of 2023 to the beginning of next year. Notwithstanding the above, as the United States economic data remains obviously stronger than expected, and generally there is a lag period between tightened monetary policy and economic slowdown. As such, the Federal Reserve may stop this interest rate hike cycle after another 0.25% hike. It is estimated that interest rate cuts may begin before the 2024 US presidential election.

With respect to Hong Kong dollar interest rates, there was a spread of nearly 2% between Hong Kong dollar and US dollar interest rates in the first quarter of 2023, due to weak demand for short-term Hong Kong dollar loans and sufficient liquidity of Hong Kong dollar. Due to the slight tightening of liquidity in the Hong Kong dollar since the second quarter, the spread between Hong Kong dollar and US dollar interest rates has gradually narrowed, and the interest rates are now close.

The Group will continue to pay close attention to changes in domestic and foreign interest rate market and continuously optimize its debt structure to manage its interest rate exposure.

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income and assets are denominated primarily in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to enhance the management and control of the foreign exchange exposure. As at 30 June 2023, among the borrowings denominated in foreign currencies, approximately HKD10.61 billion (equivalent to approximately RMB9.78 billion) was bank borrowings denominated in Hong Kong dollar, approximately USD1.20 billion (equivalent to approximately RMB8.66 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD2.29 billion (equivalent to approximately RMB2.11 billion) was notes denominated in Hong Kong dollars. Approximately 21% (25% at the beginning of the year) of the total borrowings of the Group was borrowings denominated in foreign currencies, among which, hedging products were purchased to manage part of foreign exchange exposures with respect to the borrowings denominated in foreign currencies equivalent to approximately RMB11.44 billion. The Group currently has limited foreign exchange exposure with controllable exchange rate risks.

Since China relaxed the pandemic prevention and control measures at the end of 2022, the impact of the pandemic has subsided at a fast pace. In the first half of 2023, China's economic recovery was slower than expected due to challenges such as the under-performance of real estate market, export growth and domestic consumption, coupled with the weakening of the RMB exchange rate. In addition, the Russian-Ukrainian conflict has not subsided, and may even intensify, which may bring major challenges to the economy in the second half of the year. Coupled with the impact of the 2024 US presidential election, the possible escalation of the US-China tension and the unsynchronized monetary policies between China and the US, it is expected that the exchange rate of RMB against US dollar will remain volatile in 2023, but more stable than that in 2022. As the central government continues to introduce policies to support the economy and measures to stabilize RMB, it is expected that the exchange rate of RMB against US dollar will stabilize slightly by the end of the year.

The Group will continue to keep track of developments in the foreign exchange market, appropriately adopt financial instruments to manage its foreign exchange exposure, strike a balance between foreign exchange risk and hedging cost, and continuously optimize its debt structure to manage its foreign exchange exposure.

CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As at 30 June 2023, total contingent liabilities relating to these guarantees amounted to approximately RMB37.73 billion (31 December 2022: RMB28.39 billion).

As at 30 June 2023, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB10,670 million (31 December 2022: RMB10,913 million) in respect of loans borrowed by joint ventures and associates of the Group, among which, guarantee of approximately RMB3,426 million (31 December 2022: RMB4,048 million) was utilised and guarantee of approximately RMB7,244 million (31 December 2022: RMB6,865 million) was not utilised yet.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had approximately 19,510 employees (31 December 2022: 18,400 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training. The Group adopted the Share Incentive Scheme on 2 December 2016 and the Share Award Scheme on 17 March 2017. Both schemes will (i) provide the selected participants (including senior management, middle management and other employees) with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with the Company and the Group; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of the Group, the Company and its shareholders, with a view to achieving the objective of aligning the interests of the selected participants with those of the shareholders of the Company. Details of the Share Incentive Scheme and Share Award Scheme were respectively disclosed in the announcements dated 2 December 2016 and 17 March 2017.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

Certain loan agreements of the Company and its subsidiaries ("Loan Agreements") include a condition that imposes one or more of the following specific performance obligations on Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Company, or (as the case may be) Guangzhou Yue Xiu Holdings Limited, the ultimate controlling shareholder of the Company:

(i) the controlling shareholder remains to be the single largest beneficial shareholder of the Company;

(ii) the controlling shareholder maintains a shareholding interest of not less than 35% or 30% in the issued voting shares of the Company;

(iii) the controlling shareholder maintains effective management control over the Company.

As at 30 June 2023, the aggregate balance of the loans provided was HKD10,620,000,000. Such Loan Agreements will expire from 21 July 2023 to 24 April 2026.

Breach of the above specific performance obligations will constitute an event of default. Upon the occurrence of such event of default, the relevant bank may declare the relevant facility to be terminated and all the indebtedness under the relevant facility would become due and payable.

On 24 January 2013, the Company issued USD350 million 3.25 per cent. notes due 2018 (the "2018 Notes") and USD500 million 4.50 per cent. notes due 2023 (the "2023 Notes") to investors under a USD2,000 million medium term note programme established on 11 January 2013. The Company has completed the redemption and cancellation of all the 2018 Notes. Since 17 August 2016, there are no outstanding 2018 Notes in issue. With effect from 29 December 2016, (i) the Company has substituted in its place Leading Affluence Limited, a wholly-owned subsidiary of the Company, as the issuer and the principal debtor in respect of the 2023 Notes; and (ii) the 2023 Notes are unconditionally and irrevocably guaranteed by the Company. Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 17 January 2013) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 19 April 2018, Westwood Group Holdings Limited ("Westwood"), an indirect wholly-owned subsidiary of the Company issued USD800 million 4.875 per cent. guaranteed notes due 2021 (repaid in full on 19 April 2021) and USD400 million 5.375 per cent. guaranteed notes due 2023 to investors under a USD3,000 million guaranteed medium term note programme established on 4 April 2018 ("USD3,000 million Guaranteed MTN Programme"). Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 13 April 2018) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 20 January 2021, Westwood issued USD600 million 2.80 per cent. guaranteed notes due 2026 (the "2026 Notes") and USD150 million 3.80 per cent. guaranteed notes due 2031 to investors under the USD3,000 million Guaranteed MTN Programme (updated on 11 January 2021). On 26 January 2021, Westwood issued USD50 million 2.80 per cent. guaranteed notes due 2026 to investors (to be consolidated and form a single series with the 2026 Notes). Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcements dated 13 January 2021 and 21 January 2021) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 16 January 2023, Joy Delight International Limited ("Joy Delight"), an indirect wholly-owned subsidiary of the Company issued CNY2,000 million 4.00 per cent. guaranteed notes due 2026 to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 10 January 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 12 May 2023, Joy Delight issued CNY1,396 million 3.80 per cent. guaranteed notes due 2026 to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcements dated 8 May 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

These obligations have been duly complied with for the six months ended 30 June 2023.

INDEPENDENT REVIEW REPORT

EY 安永

To the board of directors of Yuexiu Property Company Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 69, which comprises the condensed consolidated statement of financial position of Yuexiu Property Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

25 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 (Unaudited) RMB'000	 2022 (Unaudited) RMB'000
REVENUE	4	**32,095,187**	31,292,681
Cost of sales	8	**(26,394,821)**	(24,647,220)
Gross profit		**5,700,366**	6,645,461
Income from sales of investment properties		**14,929**	—
Carrying amounts of investment properties sold		**(4,310)**	—
Gain on sales of investment properties		**10,619**	—
Other gains and losses	5	**(16,393)**	(59,321)
Selling and marketing costs	8	**(731,434)**	(710,283)
Administrative expenses	8	**(616,355)**	(650,841)
Operating profit		**4,346,803**	5,225,016
Finance income	6	**397,342**	412,541
Finance costs	7	**(298,092)**	(551,949)
Share of profits/(losses) of			
– joint ventures		**31,146**	39,762
– associates		**366,918**	(32,541)
PROFIT BEFORE TAXATION		**4,844,117**	5,092,829
Taxation	9	**(1,924,676)**	(2,509,573)
PROFIT FOR THE PERIOD		**2,919,441**	2,583,256
Attributable to:			
Equity holders of the Company		**2,177,419**	1,707,123
Non-controlling interests		**742,022**	876,133
		2,919,441	2,583,256
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	11	**0.6345**	0.5152

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	**2,919,441**	2,583,256
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**131,675**	(137,144)
Cash flow hedges	**86,669**	(359,253)
Share of other comprehensive loss of an associate accounted for using the equity method	**(139,433)**	—
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**78,911**	(496,397)
Other comprehensive loss that may not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	**(31,339)**	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**47,572**	(496,397)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,967,013**	2,086,859
Attributable to:		
Equity holders of the Company	**2,226,369**	1,210,726
Non-controlling interests	**740,644**	876,133
	2,967,013	2,086,859

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	4,779,376	4,748,183
Right-of-use assets	13	3,913,637	3,987,324
Investment properties	14	13,248,804	11,123,737
Intangible assets	15	500,949	521,234
Properties under development		8,693,905	8,677,923
Interests in joint ventures		5,910,654	5,787,070
Interests in associates		22,524,649	23,841,285
Financial assets at fair value through other comprehensive income ("financial assets at FVOCI")		980,258	1,023,964
Derivative financial instruments		117,910	15,697
Deferred tax assets		2,579,609	2,651,493
Total non-current assets		63,249,751	62,377,910
CURRENT ASSETS			
Properties under development		193,181,267	178,450,964
Properties held for sale		26,877,055	31,293,125
Contract costs		1,087,395	1,080,517
Prepayments for land use rights		6,499,547	7,059,107
Trade and note receivables	16	802,726	569,686
Other receivables, prepayments and deposits		30,140,623	24,649,320
Derivative financial instruments		127,957	—
Prepaid taxation		8,202,042	5,752,895
Charged bank deposits		18,973,504	13,271,994
Cash and cash equivalents		30,278,646	21,846,458
Total current assets		316,170,762	283,974,066
CURRENT LIABILITIES			
Trade and note payables	17	1,615,476	1,641,773
Contract liabilities		93,195,491	74,472,323
Other payables and accruals		72,295,765	76,318,514
Borrowings	18	11,713,000	15,744,272
Lease liabilities		230,978	178,709
Derivative financial instruments		42,502	212,258
Taxation payable		8,735,891	9,941,743
Total current liabilities		187,829,103	178,509,592
NET CURRENT ASSETS		128,341,659	105,464,474
TOTAL ASSETS LESS CURRENT LIABILITIES		191,591,410	167,842,384

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Borrowings	18	88,108,014	72,554,091
Lease liabilities		659,454	712,885
Deferred tax liabilities		6,082,259	6,116,776
Deferred income		272,699	273,624
Derivative financial instruments		66,180	184,073
Other payables and accruals		1,303,424	3,208,194
Total non-current liabilities		96,492,030	83,049,643
Net assets		95,099,380	84,792,741
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	19	25,545,008	18,035,015
Shares held under share award scheme		(153,669)	(175,520)
Other reserves	20	2,217,146	2,016,281
Retained earnings	20	27,636,202	27,553,847
		55,244,687	47,429,623
Non-controlling interests		39,854,693	37,363,118
Total equity		95,099,380	84,792,741

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve of financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2022 (audited)	18,035,015	(175,520)	2,288,604	(976,736)	639,270	(445,661)	510,804	27,553,847	47,429,623	37,363,118	84,792,741
Profit for the period	–	–	–	–	–	–	–	2,177,419	2,177,419	742,022	2,919,441
Other comprehensive income/(loss) for the period:											
Currency transalation differences	–	–	–	131,675	–	–	–	–	131,675	–	131,675
Change in fair value of financial assets at FVOCI, net of tax	–	–	–	–	(29,961)	–	–	–	(29,961)	(1,378)	(31,339)
Cash flow hedges	–	–	–	–	–	86,669	–	–	86,669	–	86,669
Share of other comprehensive loss of an associate accounted for using the equity method	–	–	–	–	–	–	(139,433)	–	(139,433)	–	(139,433)
Total comprehensive inome/(loss) for the period	–	–	–	131,675	(29,961)	86,669	(139,433)	2,177,419	2,226,369	740,644	2,967,013
Rights issue	7,509,993	–	–	–	–	–	–	–	7,509,993	–	7,509,993
Acquisition of non-controlling interests	–	–	–	–	–	–	(829)	–	(829)	(1,207,692)	(1,208,521)
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	1,772,850	1,772,850
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	1,239,958	1,239,958
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	(5,350)	(5,350)
Transfer to appropriation	–	–	152,744	–	–	–	–	(152,744)	–	–	–
Exercise of share awards	–	21,851	–	–	–	–	–	–	21,851	–	21,851
Dividend declared	–	–	–	–	–	–	–	(1,942,320)	(1,942,320)	–	(1,942,320)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(48,835)	(48,835)
At 30 June 2023 (unaudited)	25,545,008	(153,669)	2,441,348	(845,061)	609,309	(358,992)	370,542	27,636,202	55,244,687	39,854,693	95,099,380

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to equity holders of the Company										
	Share capital RMB'000	Shares held under share award scheme RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2021 (audited)	18,035,015	(193,282)	1,817,173	(581,858)	618,965	106,602	596,481	25,836,974	46,236,070	28,130,679	74,366,749
Profit for the period	–	–	–	–	–	–	–	1,707,123	1,707,123	876,133	2,583,256
Other comprehensive loss for the period:											
Currency transalation differences	–	–	–	(137,144)	–	–	–	–	(137,144)	–	(137,144)
Cash flow hedges	–	–	–	–	–	(359,253)	–	–	(359,253)	–	(359,253)
Total comprehensive inome/(loss) for the period	–	–	–	(137,144)	–	(359,253)	–	1,707,123	1,210,726	876,133	2,086,859
Capital injection to subsidiaries	–	–	–	–	–	–	–	–	–	871,831	871,831
Non-controlling interests arising on acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	8,914	8,914
Capital reduction in a subsidiary	–	–	–	–	–	–	–	–	–	(48,510)	(48,510)
Transfer to appropriation	–	–	206,939	–	–	–	–	(206,939)	–	–	–
Acquisition of shares under share award scheme	–	(61,020)	–	–	–	–	–	–	(61,020)	–	(61,020)
Dividend declared	–	–	–	–	–	–	–	(861,921)	(861,921)	(269,662)	(1,131,583)
Transaction with non-controlling interests	–	–	–	–	–	–	163,689	–	163,689	–	163,689
At 30 June 2022 (unaudited)	18,035,015	(254,302)	2,024,112	(719,002)	618,965	(252,651)	760,170	26,475,237	46,687,544	29,569,385	76,256,929

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Net cash generated from operations	**18,461,090**	4,321,480
Interest received	**251,115**	209,862
Interest paid	**(2,156,947)**	(1,582,415)
Hong Kong profits tax paid	**—**	(1,197)
Mainland China taxation paid	**(5,238,594)**	(4,566,832)
Net cash generated from/(used in) operating activities	**11,316,664**	(1,619,102)
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net cash paid	**(482,045)**	—
Proceeds from disposal of subsidiaries	**—**	3,532,008
Purchases of property, plant and equipment, investment properties and intangible assets	**(135,126)**	(640,655)
Proceeds from sale of investment properties, net of value-added tax	**14,929**	—
Proceeds from sale of property, plant and equipment	**35,142**	31,593
Dividends received from associates	**81,215**	222,473
Increase in charged bank deposits	**(5,701,510)**	(5,253,593)
Capital injection in associates and joint ventures	**(201,281)**	(1,566,816)
Capital reduction from associates and joint ventures	**380,000**	4,000
Decrease/(increase) in interests in associates and joint ventures	**552,918**	(2,390,809)
(Increase)/decrease in amounts due from associates and joint ventures	**(744,728)**	1,015,762
Proceeds from liquidation and disposal of joint ventures	**1,133**	—
Increase in amounts due from other related parties	**—**	(564,112)
Increase in amounts due from non-controlling interests and related parties of non-controlling interests	**—**	(413,103)
Net cash used in investing activities	**(6,199,353)**	(6,023,252)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
FINANCING ACTIVITIES		
Rights issue	**7,509,993**	—
Capital contribution from non-controlling interests	**1,240,266**	871,831
Capital reduction from non-controlling interests due to deregistration of subsidiaries	**(5,350)**	—
Dividends paid to non-controlling interests	**(48,835)**	—
Decrease in balances with associates and joint ventures	**(564,509)**	(1,885,474)
Decrease in balances with other related parties	**(7,498,276)**	(5,022,055)
(Decrease)/increase in balances with non-controlling interests and related parties of non-controlling interests	**(3,382,398)**	447,529
Proceeds from bank borrowings	**24,130,388**	22,963,079
Repayment of bank borrowings	**(17,287,862)**	(18,590,628)
Proceeds from other borrowings	**8,785,400**	7,943,850
Repayment of other borrowings	**(5,043,325)**	(4,383,000)
Repayment to financial institutions under supplier finance arrangements	**(4,448,250)**	(1,333,157)
Decrease in bank overdraft	**—**	(10)
Repayment of lease liabilities	**(91,295)**	(92,469)
Net cash generated from financing activities	**3,295,947**	919,496
Increase/(decrease) in cash and cash equivalents	**8,413,258**	(6,722,858)
Cash and cash equivalents at the beginning of period	**21,846,429**	32,766,425
Exchange gain on cash and cash equivalents	**18,924**	24,089
Cash and cash equivalents at the end of period	**30,278,611**	26,067,656
Analysis of balances of cash and cash equivalents		
Bank balances and cash	**30,278,646**	26,067,676
Bank overdrafts	**(35)**	(20)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	**30,278,611**	26,067,656

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

1 GENERAL INFORMATION

Yuexiu Property Company Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in development, selling and management of properties and holding of investment properties. The Group's operations are primarily conducted in Mainland China ("China") and Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated.

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2022 that is included in the interim condensed consolidated financial information for six months ended 30 June 2023 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company's auditors have reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of 2022 and corresponding interim reporting period, except for the adoption of new and amended standards and interpretation as set out below.

(i) The following new standard and amendments to existing standards are mandatory for adoption for the financial year beginning 1 January 2023 for the Group:

HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform - Pillar Two Module Rules
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendments)	Insurance Contracts
HKFRS 17 (Amendment)	Initial Application of HKFRS 17 and HKFRS 9-Comparative Information

The Group has assessed the impact of the adoption of these new standard and amendments to existing standards that are effective for the first time for this interim period. The adoption of these new standard and amendments to existing standards did not result in any significant impact on the results and financial position of the Group.

(ii) The following amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2023 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No mandatory effective date yet determined but available for adoption
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The above amendments to existing standards and interpretation are effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these interim condensed consolidated financial information. None of these is expected to have a significant effect on the interim condensed consolidated financial information of the Group.

4 SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development units
Property management	revenue from provision of property management services
Property investment	property rental income
Others	revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

Total reportable segment assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the interim condensed consolidated statement of profit or loss.

4 SEGMENT INFORMATION (Continued)

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2023 and 30 June 2022 respectively.

	Property development (Unaudited) RMB'000	Property management (Unaudited) RMB'000	Property investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Group (Unaudited) RMB'000
Six months ended 30 June 2023					
Revenue	29,773,778	1,444,007	231,781	2,835,122	34,284,688
Inter-segment revenue	—	(460,240)	(21,700)	(1,707,561)	(2,189,501)
Revenue from external customers	29,773,778	983,767	210,081	1,127,561	32,095,187
Revenue from contracts with customers:					
Recognised at a point in time	29,773,778	188,280	—	586,975	30,549,033
Recognised over time	—	795,487	—	540,586	1,336,073
Revenue from other sources:					
Rental income	—	—	210,081	—	210,081
	29,773,778	983,767	210,081	1,127,561	32,095,187
Segment results	4,063,407	130,656	6,414	70,068	4,270,545
Depreciation and amortisation	(98,159)	(42,036)	—	(63,131)	(203,326)
Fair value losses on investment properties, net	—	—	(110,515)	—	(110,515)
Share of profit/(loss) of					
– joint ventures	34,681	28	—	(3,563)	31,146
– associates	335,225	—	39,357	(7,664)	366,918

4 SEGMENT INFORMATION (Continued)

	Property development (Unaudited) RMB'000	Property management (Unaudited) RMB'000	Property investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Group (Unaudited) RMB'000
Six months ended 30 June 2022					
Revenue	29,837,809	1,089,938	190,102	2,348,291	33,466,140
Inter-segment revenue	—	(329,966)	(10,024)	(1,833,469)	(2,173,459)
Revenue from external customers	29,837,809	759,972	180,078	514,822	31,292,681
Revenue from contracts with customers:					
Recognised at a point in time	29,837,809	20,530	—	449,131	30,307,470
Recognised over time	—	739,442	—	65,691	805,133
Revenue from other sources:					
Rental income	—	—	180,078	—	180,078
	29,837,809	759,972	180,078	514,822	31,292,681
Segment results	5,095,750	128,023	(27,719)	7,851	5,203,905
Depreciation and amortisation	(93,549)	(45,981)	—	(61,126)	(200,656)
Fair value losses on investment properties, net	—	—	(82,066)	—	(82,066)
Share of profit/(loss) of					
– joint ventures	41,704	282	—	(2,224)	39,762
– associates	119,586	—	(189,950)	37,823	(32,541)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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4 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 30 June 2023 (unaudited)					
Total reportable segments' assets	**331,246,252**	**5,983,775**	**21,015,469**	**5,929,262**	**364,174,758**
Total reportable segments' assets include:					
Additions to non-current assets (note)	**99,879**	**66,411**	**2,214,135**	**68,385**	**2,448,810**
As at 31 December 2022 (audited)					
Total reportable segments' assets	306,821,946	5,472,291	19,611,933	4,805,612	336,711,782
Total reportable segments' assets include:					
Additions to non-current assets (note)	1,047,223	92,682	—	311,093	1,450,998

Note: Non-current assets represent non-current assets other than properties under development, derivative financial instruments, interests in joint ventures, interests in associates, goodwill included in intangible assets and deferred tax assets.

4 SEGMENT INFORMATION (Continued)

A reconciliation of total segment results to total profit before taxation is provided as follows:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Segment results	**4,270,545**	5,203,905
Unallocated operating costs (note)	**(17,864)**	(1,634)
Other gains and losses (excluding fair value losses on investment properties, net) (note 5)	**94,122**	22,745
Operating profit	**4,346,803**	5,225,016
Finance income (note 6)	**397,342**	412,541
Finance costs (note 7)	**(298,092)**	(551,949)
Share of profits/(losses) of		
– Joint ventures	**31,146**	39,762
– Associates	**366,918**	(32,541)
Profit before taxation	**4,844,117**	5,092,829

Note: Unallocated operating costs include mainly staff salaries and other operating expenses of the Company.

A reconciliation of total segment assets to total assets is provided as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Total reportable segments' assets	**364,174,758**	336,711,782
Deferred tax assets	**2,579,609**	2,651,493
Prepaid taxation	**8,202,042**	5,752,895
Corporate assets (note)	**4,464,104**	1,235,806
Total assets	**379,420,513**	346,351,976

Note: Corporate assets represent property, plant and equipment, other receivables and cash and cash equivalent of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in China and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in China.

For the six months ended 30 June 2023, the Group does not have any single customer with the transaction value over 10% of the Group's total external sales (six months ended 30 June 2022: none).

5 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Fair value losses on investment properties, net	**(110,515)**	(82,066)
Penalty income	**51,242**	33,888
Gains from the acquisition of shares of an associate	**23,389**	—
Other gains/(losses)	**19,491**	(11,143)
	(16,393)	(59,321)

6 FINANCE INCOME

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest income from bank deposits	**228,085**	209,862
Interest income on amounts due from related parties (excluding bank deposits) (note 23(b))	**81,510**	112,539
Interest income on amounts due from non-controlling interests	**12,603**	12,699
Other interest income	**75,144**	77,441
	397,342	412,541

7 FINANCE COSTS

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest on bank borrowings and bank overdrafts	**1,065,681**	858,852
Interest on other borrowings	**819,728**	899,945
Interest on amounts due to related parties (note 23(b))	**333,842**	214,424
Interest on amounts due to non-controlling interests and related parties of non-controlling interests (note)	**76,337**	164,064
Interest expense on lease liabilities	**14,226**	15,117
Net fair value gains on derivative financial instruments	**(52,537)**	(18,326)
Net foreign exchange (gains)/losses	**(80,658)**	95,118
Total borrowing costs incurred	**2,176,619**	2,229,194
Less: amount capitalised as properties under development and property, plant and equipment	**(1,878,527)**	(1,677,245)
	298,092	551,949

Note:

The amount represents interest on the amounts of subsidiaries of the Group due to non-controlling interests and related parties of non-controlling interests. Out of the total amount of approximately RMB6,856 million (31 December 2022: RMB8,770 million), the interest bearing balance is approximately RMB2,764 million as at 30 June 2023 (31 December 2022: RMB3,129 million) and bears interest at a weighted average rate of 6.31% per annum (2022: 6.12% per annum). The balance which is included in other payables and accruals is repayable on demand and denominated in RMB.

8 EXPENSES BY NATURE

Cost of sales, selling and marketing costs and administrative expenses included the following:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of properties sold included in cost of sales	**24,474,162**	23,051,696
Other tax and surcharges	**193,274**	213,887
Depreciation of right-of-use assets	**112,877**	109,086
Depreciation of property, plant and equipment (note 12)	**64,997**	66,715
Amortisation of intangible assets (note 15)	**25,452**	24,855
Provision for impairment of properties under development and properties held for sale	**114,478**	218,587

9 TAXATION

(a) Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the period.

(b) Mainland China enterprise income taxation is provided on the profit of the Group's principal subsidiaries, associates and joint ventures in Mainland China at 25% (2022: 25%), except for certain subsidiaries which enjoy a preferential income tax rate.

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates of 5% or 10%.

(c) Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.

(d) The amount of taxation charged to the condensed consolidated statement of profit or loss comprises:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current taxation		
– China enterprise income tax	**1,054,685**	1,496,626
– Mainland China land appreciation tax	**684,425**	1,120,299
– Corporate withholding income tax	**—**	279,384
Deferred taxation		
– Origination and reversal of temporary differences	**141,103**	(275,441)
– Mainland China land appreciation tax	**3,197**	(22,419)
– Corporate withholding income tax on undistributed profits	**41,266**	(88,876)
	1,924,676	2,509,573

10 DIVIDENDS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash dividends		
2022 final, declared and unpaid, of HKD0.307 equivalent to RMB0.272 (2021 final: HKD0.328 equivalent to RMB0.265) per ordinary share	**1,139,379**	861,921
2023 interim, resolved, of HKD0.232 equivalent to RMB0.213 (2022 interim: HKD0.319 equivalent to RMB0.275) per ordinary share	**857,409**	851,525

The interim dividend resolved after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in the shareholders' equity during the year ending 31 December 2023.

In addition, the board of directors has declared a special dividend ("Special Dividend") in the form of the distribution in specie of certain units ("Units") of Yuexiu Real Estate Investment Trust held by the Group to the qualifying shareholders, in proportion to their respective shareholdings in the Company on the basis of 62 units for every 1,000 shares held by the qualifying shareholders. The Special Dividend of 249,574,360 Units were distributed during the six months ended 30 June 2023.

11 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	**2,177,419**	1,707,123
Weighted average number of ordinary shares in issue ('000) (note)	**3,431,872**	3,313,167
Basic earnings per share (RMB)	**0.6345**	0.5152

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares during the six months ended 30 June 2023, diluted earnings per share is equal to basic earnings per share (six months ended 30 June 2022: same).

Note:

During the six months ended 30 June 2023, the Company completed the rights issue of 928,936,826 rights shares at the subscription price of HKD9.00 on the basis of 30 rights shares for every 100 shares held by qualifying shareholders on the record date (i.e.10 May 2023).

The weighted average number of 3,431,871,678 ordinary shares for the first half of 2023 was derived from ordinary shares in issue as at 1 January 2023 after taking into account the effects of rights issue abovementioned. The weighted average number of ordinary shares for the purposes of basic earnings per share for the six months ended 30 June 2022 has been correspondingly adjusted.

12 PROPERTY, PLANT AND EQUIPMENT

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
At 1 January	**4,748,183**	3,896,133
Additions	**129,959**	375,515
Disposals	**(34,565)**	(31,684)
Depreciation (note 8)	**(64,997)**	(66,715)
Exchange differences	**796**	333
At 30 June	**4,779,376**	4,173,582

13 RIGHT-OF-USE ASSETS

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
At 1 January	**3,987,324**	4,026,733
Termination	**(37,150)**	(16,421)
Additions	**99,549**	188,067
Depreciation	**(136,086)**	(140,276)
At 30 June	**3,913,637**	4,058,103

14 INVESTMENT PROPERTIES

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
At 1 January	**11,123,737**	10,982,210
Additions	**2,214,135**	—
Disposals	**(4,310)**	—
Fair value losses, net	**(110,515)**	(82,066)
Exchange differences	**25,757**	11,929
At 30 June	**13,248,804**	10,912,073

15 INTANGIBLE ASSETS

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
At 1 January	**521,234**	428,829
Additions	**5,167**	52,670
Amortisation (note 8)	**(25,452)**	(24,855)
At 30 June	**500,949**	456,644

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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16 TRADE AND NOTE RECEIVABLES

The ageing analysis of trade and note receivables based on invoice date is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Up to 1 year	**695,179**	551,081
1 to 2 years	**113,828**	41,480
2 to 3 years	**23,563**	6,295
Over 3 years	**12,587**	11,256
	845,157	610,112
Less: provision for impairment	**(42,431)**	(40,426)
	802,726	569,686

17 TRADE AND NOTE PAYABLES

The ageing analysis of trade and note payables based on invoice date is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
0 to 90 days	**1,106,624**	1,109,020
91 to 180 days	**262,367**	363,842
181 to 365 days	**221,871**	142,249
1 to 2 years	**5,688**	7,242
Over 2 years	**18,926**	19,420
	1,615,476	1,641,773

18 BORROWINGS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current		
Long-term bank borrowings		
– Secured	**15,387,519**	21,508,491
– Unsecured	**31,487,549**	17,529,392
Other borrowings (note)		
– Unsecured	**41,232,946**	33,516,208
	88,108,014	72,554,091
Current		
Bank overdrafts	**35**	29
Short-term bank borrowings		
– Unsecured	**2,488,572**	1,637,612
Current portion of long-term bank borrowings		
– Secured	**1,374,532**	1,190,588
– Unsecured	**3,162,487**	3,244,980
Other borrowings (note)		
– Unsecured	**4,687,374**	9,671,063
	11,713,000	15,744,272
Total borrowings	**99,821,014**	88,298,363

Note:

(i) PRC corporate bonds

In 2019, the Group issued aggregated nominal value of RMB5,500 million corporate bonds with interest rates ranging from 3.60% to 3.93% per annum and with maturity ranging from 3 years to 5 years. The net proceed, after deducting the issuance costs, amounted to approximately RMB5,479 million. By the end of 30 June 2023, the corporate bonds in an aggregated principal amount of RMB4,000 million have matured and the remaining outstanding principal amount is RMB1,500 million.

In 2020, the Group issued aggregated nominal value of RMB1,500 million corporate bonds with interest rate of 3.13% per annum and with maturity of 5 years. The net proceed, after deducting the issuance costs, amounted to RMB1,494 million.The Group redeemed such corporate bonds upon their maturity in March 2023.

In 2021, the Group issued aggregated nominal value of RMB6,000 million corporate bonds with interest rates ranging from 3.17% to 3.55% per annum and with maturity ranging from 5 years to 7 years. The net proceed, after deducting the issuance costs, amounted to RMB5,995 million.

In 2022, the Group issued aggregated nominal value of RMB9,840 million corporate bonds with interest rates ranging from 2.78% to 3.43% per annum and with maturity ranging from 5 years to 7 years. The net proceed, after deducting the issuance costs, amounted to RMB9,830 million.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

18 BORROWINGS (Continued)

Note: (Continued)

(i) PRC corporate bonds (Continued)

In 2023, the Group issued aggregated nominal value of RMB5,400 million corporate bonds with interest rates ranging from 2.98% to 3.63% per annum and with maturity ranging from 3 years to 10 years. The net proceed, after deducting the issuance costs, amounted to RMB5,395 million.

All PRC corporate bonds contain the early redemption options, which means the Group shall be entitled to adjust the coupon rate whereas the investors shall be entitled to sell back in whole or in part the bonds.

Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), the ultimate holding company, provides guarantee for above corporate bonds (note 23(e)).

(ii) Private placement note

In 2019, the Group issued aggregated nominal value of RMB1,800 million private placement note with interest rates of 4.03% per annum and with maturity of 5 years. The net proceed, after deducting the issuance costs, amounted to RMB1,797 million. In 2022, the Group adjusted the interest rate to 3.2% per annum for the remaining period.

(iii) Medium term notes

In 2013, the Group issued medium-term notes of USD500 million with an interest rate of 4.50% per annum and such notes have matured in January 2023.

In 2014, the Group issued medium term notes of HKD2,300 million with an interest rate of 6.10% per annum and with maturity in 2029.

In 2018, the Group issued medium term notes of USD1,200 million with interest rates ranging from 4.875% to 5.375% per annum and with maturity between 2021 and 2023. The net proceed, after deducting the issuance costs, amounted to USD1,191 million. An amount of USD800 million medium term notes have matured in 2021. An amount of USD400 million medium term notes will mature in October 2023.

In 2021, the Group issued medium term notes of USD800 million with interest rates ranging from 2.80% to 3.80% per annum and with maturity ranging from 5 to 10 years. The net proceed, after deducting the issuance costs, amounted to USD798 million.

In 2023, the Group issued China (Shanghai) Pilot Free Trade Zone bonds of RMB3,396 million with interest rates ranging from 3.80% to 4.00% per annum and with maturity of 3 years. The net proceed, after deducting the issuance costs, amounted to RMB3,387 million.

18 BORROWINGS (Continued)

The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		Other borrowings	
	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000	**30 June 2023 (Unaudited) RMB'000**	31 December 2022 (Audited) RMB'000
Within one year	**7,025,626**	6,073,209	**4,687,374**	9,671,063
In the second year	**20,056,349**	14,307,463	**10,793,259**	9,694,422
In the third to fifth year	**24,313,338**	22,639,106	**26,150,137**	20,737,784
Over five years	**2,505,381**	2,091,314	**4,289,550**	3,084,002
	53,900,694	45,111,092	**45,920,320**	43,187,271

19 SHARE CAPITAL

	Number of shares 2023 ('000)	Number of shares 2022 ('000)	**Share capital 2023 RMB'000**	Share capital 2022 RMB'000
At 1 January (Audited)	**3,096,456**	3,096,456	**18,035,015**	18,035,015
Rights issue (note)	**928,937**	—	**7,509,993**	—
At 30 June (Unaudited)	**4,025,393**	3,096,456	**25,545,008**	18,035,015

Note:

A rights issue of 30 rights share for every 100 existing shares held by members on the register of qualifying shareholders on 10 May 2023 was made, at an issue price of HKD9.00 per rights share, resulting in the issue of 928,936,826 shares for a total cash consideration, before expenses, of HKD8,360 million.

20 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the interim condensed consolidated statement of changes in equity on pages 35 and 36 of these interim condensed consolidated financial information.

Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, joint ventures and associates in China. As stipulated by regulations in China, the Company's subsidiaries, joint ventures and associates established and operated in China are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective boards of directors. According to the Regulations for the Implementation of the Law of The People's Republic of China on Joint Ventures Using Chinese and Foreign Investment, upon approval, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion funds may be used for increasing capital only.

21 GUARANTEES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (note (a))	**37,725,229**	28,385,590
Guarantees for banking and loan facilities granted to associates and joint ventures (note (b))	**10,670,450**	10,913,450
	48,395,679	39,299,040

Notes:

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.

(b) As at 30 June 2023, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB10,670 million (31 December 2022: RMB10,913 million) in respect of loans borrowed by joint ventures and associates of the Group, among which, guarantee of approximately RMB3,426 million (31 December 2022: RMB4,048 million) was utilised and guarantee of approximately RMB7,244 million (31 December 2022: RMB6,865 million) was not utilised yet.

22 SECURITIES FOR BANKING FACILITIES AND BORROWINGS

At 30 June 2023, certain banking facilities and borrowings granted to the Group were secured by mortgages of the Group's certain properties under development, properties held for sale, investment properties and property, plant and equipment with aggregate carrying values of approximately RMB36,869 million (31 December 2022: RMB34,897 million), RMB10 million (31 December 2022: RMB40 million), RMB4,289 million (31 December 2022: RMB4,274 million) and RMB543 million (31 December 2022: RMB556 million), respectively.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"). The table below summarises the names of main related parties, with whom the Group has significant transactions during the six months ended 30 June 2023, and their relationship with the Company as at 30 June 2023:

Significant related parties	Relationship with the Company
Guangzhou Yue Xiu	Ultimate holding company
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Immediate holding company
Guangzhou Metro Group Co., Ltd. ("Guangzhou Metro")	A shareholder
Yuexiu Real Estate Investment Trust ("Yuexiu REIT")	An associate
廣州越宏房地產開發有限公司	An associate
長沙長越房地產開發有限公司	An associate
廣州穗昭置業有限公司	An associate
廣州市悦匯城商業經營管理有限公司	An associate
廣州市品臻房地產開發有限公司	An associate
廣州越創房地產開發有限公司	An associate
廣州東鑫房地產開發有限公司	An associate
佛山市南海區龍光駿惠房地產有限公司	An associate
武漢錦秀嘉合置業有限公司	An associate
濟南元賀置業有限公司	An associate
湖北宏秀房地產開發有限公司	A joint venture
武漢安和盛泰房地產開發有限公司	A joint venture
江門市濱江房地產開發投資有限公司	A joint venture
廣州雲秀健康投資有限公司	A joint venture
廣州智聯置業投資發展有限公司	A joint venture
廣州萬宏房地產開發有限公司	A joint venture
煙台領秀房地產開發有限公司	A joint venture
Chong Hing Bank Limited	A fellow subsidiary
Guangzhou Paper Group Limited ("Guangzhou Paper")	A fellow subsidiary

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2023

23 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

		Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(I)	Interest income (note 6)		
	– associates	**36,745**	53,295
	– joint ventures	**44,765**	59,244
		81,510	112,539
	– a fellow subsidiary	**30,756**	12,464
		112,266	125,003
(II)	Interest expense (note 7)		
	– ultimate holding company	**(99,491)**	(33,343)
	– a shareholder	**—**	(69,386)
	– immediate holding company	**(181,385)**	(94,608)
	– associates	**(24,094)**	(6,205)
	– entites with significant influence over certain subsidiaries	**(4,680)**	(4,680)
	– a fellow subsidiary	**(24,192)**	(6,202)
		(333,842)	(214,424)
(III)	Addition of right-of-use assets		
	– associates	**7,885**	131,462
(IV)	Rental income		
	– fellow subsidiaries	**7,568**	4,180
	– associates	**11,699**	—
		19,267	4,180
(V)	Short-term leases rental expenses		
	– associates	**(18,080)**	(13,423)
	– immediate holding company	**(1,133)**	—
	– a shareholder	**(898)**	(891)
	– fellow subsidiaries	**(95)**	—
		(20,206)	(14,314)
(VI)	Consideration for equity transfer		
	– a fellow subsidiary	**—**	(30,400)

23 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

		Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(VII)	Revenue from sales of materials		
	– associates	**56,972**	18,454
	– joint ventures	**83,475**	133,620
		140,447	152,074
(VIII)	Property management service income		
	– fellow subsidiaries	**12,655**	936
	– a shareholder	**96,266**	119,007
		108,921	119,943
(IX)	Construction services income		
	– associates	**18,776**	13,083
	– joint ventures	**3,346**	3,668
	– fellow subsidiaries	**737**	13,277
		22,859	30,028
(X)	Others		
	Tenancy service fees income from an associate	**14,349**	14,968
	Naming right expense to an associate	**(10,000)**	(10,000)

The price of the above transactions were determined in accordance with the terms agreed by the relevant contracting parties.

23 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Amounts due from recorded in current assets			
– a shareholder	(i), (ii)	**1,879,800**	1,647,815
– associates	(i), (ii)	**1,928,496**	1,246,376
– joint ventures	(ii), (iii)	**619,817**	655,358
– fellow subsidiaries	(i), (ii)	**21,909**	11,652
– entities with significant influence over certain subsidiaries	(i), (ii)	**5,613,697**	5,099,197
Amounts due from recorded in non-current assets	(iv)		
– associates		**1,660,765**	2,066,683
– joint ventures		**1,970,215**	2,117,215
Amounts due to			
– ultimate holding company	(i), (ii)	**(46,762)**	—
– immediate holding company	(ii), (v)	**(2,584,317)**	(7,844,337)
– associates	(ii), (vi)	**(11,811,527)**	(13,083,376)
– joint ventures	(ii), (vii)	**(2,021,361)**	(1,982,479)
– fellow subsidiaries	(i), (ii)	**(673,123)**	(231,410)
– a shareholder	(ii), (viii)	**(398,516)**	(398,516)
– entities with significant influence over certain subsidiaries	(ii), (ix)	**(237,638)**	(232,957)
Deposits in a fellow subsidiary	(x)	**4,678,241**	2,506,444
Bank borrowing from a fellow subsidiary	(xi)	**(977,280)**	(997,640)
Lease liabilities	(xii)		
– associates		**(126,714)**	(178,481)
– fellow subsidiaries		**(216,933)**	(227,892)
Trade receivables from	(xiii)		
– a shareholder		**74,200**	44,557
– joint ventures		**182,493**	157,367
– associates		**110,886**	86,079
– fellow subsidiaries		**7,636**	14,620
Note receivables from associates	(xiv)	**3,182**	49,373

23 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Except for the amount denominated in HKD and USD listed below, other balances with related parties are denominated in RMB.

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Denominated in HKD		
Amount due from a joint venture	**22,256**	21,563
Bank deposit in a fellow subsidiary	**340,145**	70,775
Denominated in USD		
Bank deposit in a fellow subsidiary	**3,359**	3,454
Amount due from an associate	**650,322**	638,982

Notes:

(i) These balances are unsecured, interest free and repayable or receivable on demand.

(ii) These balances are included in other receivables, prepayments and deposits or other payables and accruals, as appropriate.

(iii) Except for the amounts of approximately RMB99,689,000 (31 December 2022: RMB105,717,000), which are unsecured and interest bearing at a weighted average rate of 10.12% (2022:10.47%) per annum, the remaining balances are unsecured, interest free and receivable on demand.

(iv) These balances are included in interest in joint ventures and interest in associates. Except for the amounts of approximately RMB774,121,000 (31 December 2022: RMB1,782,075,000), which are unsecured and interest bearing at a weighted average rate of 7.29% (2022: 7.47%) per annum, the remaining balances are unsecured and interest free.

(v) The balances as at 30 June 2023 are unsecured, interest free and repayable on demand. Interest incurred for loans from immediate holding company during the period ended 30 June 2023 was charged at 5.87% (2022: 5.30%) per annum.

(vi) Except for the amounts of approximately RMB528,146,000 (31 December 2022: RMB451,706,000), which are unsecured and interest bearing at a weighted average rate of 5.59% (2022: 5.36%) per annum, the remaining balances are unsecured, interest free and repayable on demand.

(vii) The balances are unsecured, interest free and repayable on demand (31 December 2022: RMB62,700,000, which is unsecured and interest bearing at 8% per annum,the remaining balances are unsecured and interest free).

(viii) The amounts due to a shareholder, Guangzhou Metro, which is unsecured, interest free and repayable in 2026.

(ix) Except for an amount of approximately RMB163,311,000 (31 December 2022: RMB163,311,000), which is unsecured and interest bearing at 5.7% (2022: 5.7%) per annum, the remaining balances are unsecured, interest free and repayable on demand.

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23 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Notes: (Continued)

(x) These balances are deposits maintained with a fellow subsidiary on normal commercial terms.

(xi) These balances were unsecured and interest bearing at 3.65% (2022: 4.78%) per annum.

(xii) The Group leases office premises from associates and fellow subsidiaries. The monthly rents payable by the Group during the leasing terms are determined with reference to the prevailing market prices.

(xiii) The balance is receivable from Guangzhou Metro, joint ventures, associates and fellow subsidiaries for the provision of property management services, construction services, agency services and the sales of materials on normal commercial terms.

(xiv) The balance is note receivables from associates for the sales of materials on normal commercial terms.

(d) Key management compensation

Key management compensation amounted to RMB5,190,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB5,366,000).

(e) Guarantee received

(i) Guangzhou Yue Xiu provides corporate guarantee for the corporate bonds of Guangzhou City Construction & Development Co. Ltd, a subsidiary of the Group, amounting to approximately RMB22,721 million as at 30 June 2023 (31 December 2022: RMB18,822 million).

(ii) Guangzhou Paper provides corporate guarantee for a bank loan of Guangzhou Yuexiu Haiyiyuan Health Management Co., Ltd., a subsidiary of the Group, amounting to RMB7 million as at 30 June 2023 (31 December 2022: RMB25 million).

(f) Provision of guarantee

The Group provides guarantees for the borrowings of associates and joint ventures, of which the details are included in note 21 to the interim condensed consolidated financial information.

24 FINANCIAL RISK MANAGEMENT

24.1 Fair value measurement of financial instruments

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2023 and 31 December 2022 on a recurring basis.

At 30 June 2023	**Level 2 (Unaudited) RMB'000**	**Level 3 (Unaudited) RMB'000**
Financial assets		
Derivative financial instrument - foreign currency forwards	**245,867**	**—**
Financial assets at fair value through other comprehensive income	**—**	**980,258**
Financial liabilities		
Derivative financial instrument - foreign currency forwards	**108,682**	**—**

At 31 December 2022	Level 2 (Audited) RMB'000	Level 3 (Audited) RMB'000
Financial assets		
Derivative financial instrument – foreign currency forwards	15,697	—
Financial assets at fair value through other comprehensive income	—	1,023,964
Financial liabilities		
Derivative financial instrument - foreign currency forwards	396,331	—

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no transfer between fair value hierarchy levels during the period.

24 FINANCIAL RISK MANAGEMENT (Continued)

24.1 Fair value measurement of financial instruments (Continued)

Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The fair value of financial assets at FVOCI is determined using either (1) the Guideline Public Company Method by using the appropriate market multiples of comparable public company peers in the same or a similar industry; or (2) the Summation Method by the addition of the separate values of its component parts.
- The fair value of foreign currency forwards is determined using present value of future cash flows based on the forward exchange rates at the balance sheet date.

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instrument for the six months ended 30 June 2023 and 30 June 2022:

Financial assets at fair value through other comprehensive income

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Opening balance at 1 January	**1,023,964**	1,033,583
Unrealised fair value changes recognised in other comprehensive income	**(43,706)**	—
Closing balance at 30 June	**980,258**	1,033,583

There were no changes made to any of the valuation techniques applied during six months ended 30 June 2023 and 2022.

Valuation process

The Group measures its financial assets at fair value through other comprehensive income at fair value. The Group's finance department that performs the valuation of level 3 fair values for financial reporting purposes. The level 3 financial assets were valued by an independent qualified valuer and discussion of valuation processes and results are held between the management and valuer at least once every six months.

The main Level 3 input used by the Group for financial assets at fair value through other comprehensive income pertains to the discount for lack of marketability. The discount for lack of marketability is quantified on the basis of relevant restricted stock studies and represents the most significant unobservable input applied to arrive at the fair value measurement. The higher of the percentage for the discount for lack of marketability would result in the lower amount of the fair value.

24 FINANCIAL RISK MANAGEMENT (Continued)

24.2 Fair value of other financial assets and liabilities

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different from their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

- Trade and note receivables
- Cash and cash equivalents and charged bank deposits
- Other receivables
- Trade and note payables
- Financial liabilities included in other payables and accruals
- Borrowings
- Lease liabilities

24.3 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

(a) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings at fixed rate which expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. As at 30 June 2023, fixed interest rate borrowings accounted for approximately 49% (31 December 2022: 51%) of the total borrowings.

At 30 June 2023, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately RMB72 million lower/higher (2022: post-tax profit RMB54 million lower/higher) respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

24 FINANCIAL RISK MANAGEMENT (Continued)

24.3 Financial risk factors (Continued)

(a) Foreign exchange risk

A majority of the subsidiaries of the Group operate in Mainland China with most of their transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars ("HKD") and United States dollars ("USD") for certain cash and bank balances of approximately RMB375 million (2022: RMB1,139 million) and borrowings of approximately RMB1,669 million (2022: RMB1,099 million) which were denominated in HKD and cash and bank balances of approximately RMB7 million (2022: RMB143 million) and borrowings of approximately RMB8,657 million (2022: RMB8,342 million) which were dominated in USD as at 30 June 2023. The Group has entered into several forward exchange contracts to hedge its exposure to foreign currency risk during the six months ended 30 June 2023.

At 30 June 2023, if RMB had strengthened/weakened by 5 percent against HKD and USD with all other variables held constant (assuming no capitalisation of exchange difference), post-tax profit for the year would have been approximately RMB98 million higher/lower (2022: post-tax profit RMB9 million higher/lower), mainly as a result of the net foreign exchange gains/losses on translation of monetary assets and liabilities denominated in HKD and USD.

(b) Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

24 FINANCIAL RISK MANAGEMENT (Continued)

24.3 Financial risk factors (Continued)

(b) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2023 (unaudited)					
Borrowings (principal amount plus interest)	**15,006,274**	**33,399,559**	**53,760,562**	**7,741,606**	**109,908,001**
Trade and note payables (note 17)	**1,615,476**	**—**	**—**	**—**	**1,615,476**
Other payables and accruals (excluding accrued employee benefits costs and value added tax payables and other taxes payables)	**66,749,786**	**756,335**	**511,450**	**—**	**68,017,571**
Lease liabilities	**265,425**	**162,813**	**270,873**	**315,675**	**1,014,786**
Derivative financial instruments	**42,502**	**—**	**66,180**	**—**	**108,682**
Total	**83,679,463**	**34,318,707**	**54,609,065**	**8,057,281**	**180,664,516**
At 31 December 2022 (audited)					
Borrowings (principal amount plus interest)	18,795,153	26,413,592	46,790,082	5,933,168	97,931,995
Trade and note payables (note 17)	1,641,773	—	—	—	1,641,773
Other payables and accruals (excluding accrued employee benefits costs and value added tax payables and other taxes payables)	71,223,882	2,370,708	1,005,474	—	74,600,064
Lease liabilities	216,589	179,613	280,435	377,461	1,054,098
Derivative financial instruments	212,258	51,890	132,183	—	396,331
Total	92,089,655	29,015,803	48,208,174	6,310,629	175,624,261

The Group is also exposed to liquidity risk through the granting of financial guarantees, further details of which are disclosed in note 21 to the financial statements. The earliest period in which the guarantees could be called is less than 12 months.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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24 FINANCIAL RISK MANAGEMENT (Continued)

24.4 Capital risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the condensed consolidated balance sheet plus net debt.

The gearing ratios at 30 June 2023 and 31 December 2022 were as follows:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Total borrowings (note 18)	**99,821,014**	88,298,363
Lease liabilities	**890,432**	891,594
Less: Cash and cash equivalents	**(30,278,646)**	(21,846,458)
Net debt	**70,432,800**	67,343,499
Total equity (including non-controlling interests)	**95,099,380**	84,792,741
Total capital	**165,532,180**	152,136,240
Gearing ratio	**42.5%**	44.3%

The total capital amount is subject to externally imposed capital requirement and the Group has complied with the capital requirement during the period.

25 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 25 August 2023.

OTHER INFORMATION

INTERESTS OF DIRECTORS/CHIEF EXECUTIVE

As at 30 June 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

The Company

Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest (Note 3)
Mr Lin Zhaoyuan (Note 1)	Beneficial Owner/Beneficiary of a trust	2,026,560	0.05034
Mr Lin Feng (Note 2)	Beneficial Owner/ Beneficiary of a trust/Spouse interest	1,972,047	0.04899
Mr Zhu Huisong	Beneficial Owner	64,757	0.00161
Ms Liu Yan	Beneficial Owner	3,400	0.00008
Mr Yu Lup Fat Joseph	Beneficial Owner	260,000	0.00646
Mr Lee Ka Lun	Beneficial Owner	858,000	0.02131
Mr Lau Hon Chuen Ambrose	Beneficial Owner	1,258,712	0.03127

Note 1: Mr Lin Zhaoyuan is interested in 2,026,560 Shares, out of which 1,111,461 Shares are owned by him as beneficial owner, 915,099 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management.

Note 2: Mr Lin Feng is interested in 1,972,047 Shares, out of which 882,277 Shares are owned by him as beneficial owner, 1,063,770 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust For Directors and Senior Management and 26,000 Shares are held by his spouse.

Note 3: The total number of 4,025,392,913 shares of the Company in issue as at 30 June 2023 was used for the calculation of the approximate percentage.

Yuexiu Transport Infrastructure Limited

Long positions in shares of Yuexiu Transport Infrastructure Limited:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest (Note)
Mr Lin Zhaoyuan	Beneficial Owner	120	0.00001
Ms Liu Yan	Beneficial Owner	485	0.00003
Mr Lau Hon Chuen Ambrose	Beneficial Owner	195,720	0.012

Note: The total number of 1,673,162,295 shares of Yuexiu Transport Infrastructure Limited in issue as at 30 June 2023 was used for the calculation of the approximate percentage.

Save as disclosed herein, as at 30 June 2023, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed in this report, at no time in the first half of 2023 was the Company or a subsidiary a party to any arrangement to enable the directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 30 June 2023, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares held	Approximate % of interest (Note 3)
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interests of controlled corporations	1,746,724,198 (Long position)	43.39
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Interests of controlled corporations	1,746,724,198 (Long position)	43.39
廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.) (Note 2)	Interests of controlled corporations	801,053,190 (Long position)	19.90

Note 1: Pursuant to the SFO, 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) is deemed to be interested in 1,746,724,198 shares of the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long positions in shares
YXE	1,746,724,198
Superb Master Ltd. ("Superb") (Note i)	104,517,301
Bosworth International Limited ("Bosworth") (Note i)	1,238,030,690
Novena Pacific Limited ("Novena") (Note i)	254,297,135
Morrison Pacific Limited ("Morrison") (Note i)	71,049,347
Greenwood Pacific Limited ("Greenwood") (Note i)	61,019,210
Goldstock International Limited ("Goldstock") (Note i)	15,838,713
Yue Xiu Finance Company Limited ("Yue Xiu Finance") (Note i)	1,971,802

(i) Superb, Bosworth, Novena, Morrison, Greenwood, Goldstock and Yue Xiu Finance are wholly-owned by YXE.

Note 2: Pursuant to the SFO, 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.) is deemed to be interested in 801,053,190 shares of the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, details of which were as follows:

Name	Long positions in shares
Guangzhou Metro Investment Finance (HK) Limited (Note i)	801,053,190

(i) To the best knowledge, information and belief of the Company having made all reasonable enquiries, Guangzhou Metro Investment Finance (HK) Limited, which was wholly-owned by 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.), subscribed for all of its pro rata Right Shares in respect of the Right Issue, increasing its interests to 801,053,190 shares. Please refer to the prospectus of the Company dated 11 May 2023 and the announcement of the Company on the Stock Exchange dated 2 June 2023 in relation to the Right Issue for further details.

Note 3: The total number of 4,025,392,913 shares of the Company in issue as at 30 June 2023 was used for the calculation of the approximate percentage.

OTHER INFORMATION

Saved as disclosed herein, as at 30 June 2023, the Company had not been notified of any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of the Shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. During the six months ended 30 June 2023, the Company has complied with all code provisions of the CG Code.

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2023 have been reviewed by the audit committee of the Board and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry of all the Directors has been made and all the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities (including equity securities and debt securities) during the six months ended 30 June 2023. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities (including equity securities and debt securities) during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 October 2023 to Friday, 20 October 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Tuesday, 17 October 2023.